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|---|---|---|---|
| Austria | Sch.15 | Luxembourg | Fr.35 |
| Belgium | Fr.35 | Malaysia | Rin3.85 |
| Canada | C$2.50 | Netherlands | Fl.2.25 |
| Denmark | Kr.7.00 | Norway | Kr.6 |
| Finland | FM5 | Portugal | Esc60 |
| France | Fr.5.00 | Singapore | S$3.80 |
| Germany | DM2 | Spain | Pta85 |
| Greece | Dr.50 | Sweden | Kr. 8 |
| Indonesia | Rp1650 | Switzerland | Fr.2 |
| Italy | L1100 | Turkey | L130 |
| Japan | Y550 | U.S.A. | $1.50 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,037 Wednesday March 30 1983 D 8523 B

EMS overcomes crisis and proves its strength, Page 2

## NEWS SUMMARY

### GENERAL

## Calvi suicide verdict quashed

Three High Court judges in London quashed an inquest jury's verdict that the former head of the failed Banco Ambrosiano, Sig Roberto Calvi, found hanged under Blackfriars Bridge, committed suicide.

They upheld complaints by the Calvi family that the way the inquest was conducted was unsatisfactory, and ordered a new inquest.

During the week several legal actions moved ahead against the bank's successor, Nuovo Banco Ambrosiano. More than 80 writs have been served by creditors to recover some $300m in syndicated loans. Page 14

### UN chief hopeful

United Nations Secretary-General Javier Perez de Cuellar, who has been visiting Moscow, said he had received support and encouragement from Soviet leaders on UN-inspired efforts to find a solution to the Afghanistan problem. Page 2

### China warns U.S.

China warned the U.S. that their relationship was deteriorating and strengthend its criticism of U.S. moves on Taiwan and the Asian Development Bank. Page 5

### May Day plan

Solidarity underground activists in Warsaw say they will celebrate Labour Day, May 1, and warn that the day should not be disturbed by anyone. Page 2

### Dissident sentenced

Human rights activist Vasily Barats, a former army officer who converted to the Pentecostal faith, has been sentenced in Rostov-on-Don to five years in a labour camp for anti-Soviet activity.

### Security chief

Following major changes in Indonesia's Cabinet and armed forces, General Benny Murdhani has become commander-in-chief and head of the national security agency. Page 5

### Kandahar roads cut

Moslem rebels have cut the roads into Afghanistan's second city, Kandahar, say Western diplomatic sources.

### Iranian drive

Iranian forces killed or wounded at least 50 "counter-revolutionaries" in a weekend drive, said Tehran radio.

### Iraq jet claim

Iraq air defences shot down an Iranian jet aircraft near Al-Shib, said Iraq.

### Portugal bans strike

Portuguese Government has ordered railway workers not to go ahead with their planned six-day strike today, under pain of dismissal.

### Iranian progress

Iran is to allow women to sue their husbands for the first time, on moral or ideological grounds.

### Caracas sit-in

Venezuelan officials were negotiating with seven people who took over a section of the Mexican embassy in Caracas to protest against alleged mistreatment of political prisoners in Venezuelan jails.

### Briefly...

Olympic Airways of Greece flights were cancelled because of a two-day strike.

Guangdong, the Chinese province bordering Hong Kong, was put on flood alert after heavy rains.

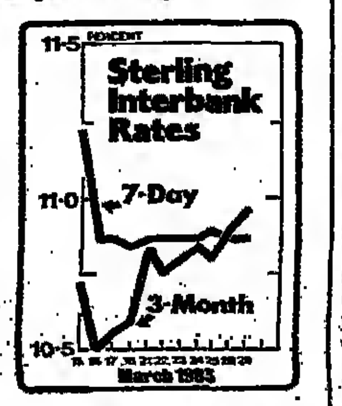
### BUSINESS

## British air group tightens its belt

● BRITISH AEROSPACE has made an "exceptional provision" of £100m ($145m) to cover the impact of adverse market conditions on sales of its civil aircraft and projects of Airbus Industrie, in which it has 20 per cent. This has brought a £15.3m loss for 1982 (1981 profit, £70.6m). Page 14. Airbus Industrie is confident it can survive recession; $700 m investment cost for McDonnell-Douglas leasing plan, Page 14.

● MONEY MARKET conditions suggest London clearing banks may soon revise their base lending rates, cut to 10.5 per cent on March 15. The seven-day rate has been kept under control by the Bank of England's supply of funds to the system, but three-month money costs are almost as high as before the budget on March 15.

● DOLLAR eased to DM 2.4305 (DM 2.4345) FFr 7.2875 (FFr 7.2975), SwFr 2.081 (SwFr 2.085) and Y239.75 (Y240.1), but its Bank of England trade-weighted index, struck before the close, was unchanged at 123. Page 34




● STERLING rose 5 points to $1.4545, was unchanged at Y349.5, but eased to DM 3.5375 (DM 3.5425), FFr 10.6 (FFr 10.6075) and SwFr 3.03 (SwFr 3.035). Its trade weighting was recorded at 78.2 (78.1). Page 34

● GOLD rose $5 in London to $414.5, by $4 in Frankfurt to $412.75, and by $5 in Zurich at $414.5. Page 31

● LONDON: FT Industrial Ordinary index eased by 3.4 to 652.1. Some Government Securities showed marginal increases. Page 27. FT Share Information Service, Pages 32-33

● WALL STREET: Dow Jones index was down 1.45 at 3 pm on 1131.87. Page 27. Full share listings, Pages 28-30

● TOKYO: Nikkei Dow index rose 36.22 to a record 8424.13. Stock Exchange index gained 1.02 at 615.04. Report; Page 27. Leading prices, other markets, Page 30

● JAPAN'S balance of payments on current account, unadjusted, showed a $947m surplus in February, compared with a $1.44bn deficit in January. Page 6

● EEC announced provisional anti-dumping duties against some steel imports from Argentina, Brazil, Canada and Venezuela.

● YUGOSLAV tax increases made coffee about 15 per cent dearer and cigarettes about 23 per cent dearer.

● BAHRAIN stock market selling has cut prices by up to 50 per cent.

● IVORY COAST bush fires have destroyed 250,000 hectares (618,000 acres) of cocoa and coffee plantations.

● BRITISH NUCLEAR FUELS is buying uranium worth about £10m ($14.5m) on the spot market as an investment. Page 8

● SUPERFOS, Danish chemicals group, has given its 40 per cent share of a West German ammonia plant to its partner, Veba subsidiary Chemische Werke Hüls, and written off DKr 390m ($45m). Page 15

# Hungary opens bond market for state enterprises

BY LESLIE COLITT IN BERLIN

HUNGARY has become the first East European country to establish a bond market for state companies and co-operatives.

The Hungarian oil and gas trust has issued a 200m forint ($5m) bond together with the State Development Bank. The bond is already over-subscribed by Hungarian companies and co-operatives.

In the near future bonds may also be made available to individuals.

The first post-war Hungarian bond bears an interest rate of 11.5 per cent and has a maturity of 10 years. The State Development Bank will now give a 200m forint loan to the oil and gas trust at a floating interest rate, which is currently 13 per cent.

The trust will use the money to build a gas pipeline. It has been chosen to issue Hungary's first bond because of the urgency attached to substituting natural gas for oil.

Hungary is considering issuing industrial bonds to private individuals, but bankers in Budapest say the interest rate would probably be several points below that paid to companies because, under Hungarian law, individuals do not have to pay taxes on such investments.

With the corporate bond just issued, the oil and gas trust guarantees that the gas pipeline will be built, while the State Development Bank is the guarantor of the fixed rate of interest.

The bond market has been launched under legislation passed last year which aims to "guarantee a free flow of capital between Hungarian companies."

One Hungarian banker noted yesterday that companies with high liquidity are eager to buy the bonds because the return on them is higher than for some marginal investments they might otherwise make.

Most of the companies buying the bonds are located in the area where the pipeline is to be built. They realise that if the oil and gas trust does not receive the loan it will be unable to build the pipeline.

Hungary has the most sophisticated banking system in Eastern Europe and the decision to issue bonds is regarded as a logical step down the long road of economic and financial reform which began in 1968.

The State Development Bank has provided some of the most innovative lending in Hungary in recent years. It has taken a share in newly formed high technology companies, especially those with a potential for exports.

Last year it started to provide funds for the establishment of small companies which pay back the loan in instalments and remit a fixed proportion of their profits to the bank.

Eurobonds, Page 26

# U.S. offers new plan for missiles

BY BRIDGET BLOOM IN LONDON

THE U.S. has presented the Soviet Union with new proposals for controlling the spread of nuclear missiles in Europe.

The new proposals, believed to envisage an interim agreement involving the deployment of an equal and limited number of U.S. and Soviet medium-range nuclear weapons in Europe, were offered in Geneva yesterday by Mr Paul Nitze, leader of the U.S. delegation to the intermediate nuclear force (INF) arms control talks.

The first public announcement of the new offer is to be made today by President Ronald Reagan. He is expected to present the new U.S. plan as a possible interim solution towards the ultimate U.S. goal of eliminating all medium-range missiles in Europe.

Officials on both sides of the Atlantic were unwilling yesterday to comment on the substance of the proposals in advance of the President's statement.

In line with the accepted practice that neither side publicly comments on the content of the Geneva talks, they also refused to confirm that Mr Nitze had presented the new plans to Mr Yuli Kvitsinsky, his Soviet counterpart, in Geneva.

Mr Kvitsinsky also refused to confirm that he had received the new proposals. After yesterday's session, the last in the current round of talks, the Soviet delegate would only say, "I am not very optimistic, but let us see."

The broad outlines of the proposals have emerged over the past few days as the U.S. Administration has responded to pressure from its European allies both to put new life into the stalled talks and if possible to demonstrate to European public opinion that it is the Soviet Union rather than the U.S. which is responsible for the lack of progress in Geneva.

As evidence of its willingness to meet this aspect of European concern, Mr Reagan will make his announcement in Washington, early tomorrow, rather than, as originally planned, on Thussday evening, in Los Angeles, in order to ensure coverage in European newspapers and television before the Easter holiday.

The new proposals are expected to show clearly that the U.S. is prepared to consider an interim agreement which would fall considerably short of its original zero option. Under this option the U.S. would not deploy its planned 572 new cruise and Pershing 2 missiles provided the Russians dismantled all their 500-600 equivalent range missiles which are already deployed.

Nato is concerned that there should be sufficient ambiguity to make it difficult for Moscow to reject the new offer out of hand. Mr Reagan is thus expected to announce the broad principles of the offer without detailing numbers of weapons which might be involved in establishing ceilings on either side. It is hoped to put the onus on Moscow to put forward its own number.

The detailed negotiations on the new proposals will be left to the privacy of the Geneva talks. Mr Nitze will be given much greater flexibility to negotiate than he has had since last summer when he and Mr Kvitsinsky tried to reach a compromise agreement and were slapped down by their respective captials. The U.S. will now hope that Mr Kvitsinsky will be given equal flexibility by Moscow.

The U.S. proposals are expected to make clear that nuclear warheads rather than missiles must be counted, mainly because each Soviet SS20 missile has three warheads and the U.S. missiles only one.

The U.S. will also insist that the French and British nuclear forces be excluded from the negotiations and that any agreement must not allow the Soviets simply to shift their mobile SS20s east of the Urals where they could still threaten the West.

## France set to sell N-plant to Pakistan

By Alain Cass, Asia Editor, in Islamabad

FRANCE is ready to sell Pakistan a nuclear power plant even if General Zia-ul Haq's regime refuses to place all the country's nuclear facilities under international control, M Claude Cheysson, the French Foreign Minister, indicated in Islamabad yesterday.

In a statement underlining France's growing divergence from its Western partners over exports of nuclear technology, M Cheysson confirmed that France and Pakistan had begun talks on the possible supply of a 900MW pressurised water reactor of Westinghouse design at Chashma, 150 miles south-west of Islamabad on the banks of the Indus River.

The Pakistan cabinet's economic committee recently approved the Chashma nuclear project, and the government is negotiating with the Vienna-based International Atomic Energy Agency (IAEA) over safeguards for the plant. At a press conference yesterday M Cheysson said France would not supply a plant without such safeguards, especially to a country which, like Pakistan, had not signed the nuclear Non-Proliferation Treaty.

Asked, however, whether France would supply a country which refused to submit all its nuclear facilities to so-called full-scope safeguards, M Cheysson replied: "Yes."

Pakistan refuses to place its heavily-guarded uranium enrichment plant at Kahuta, near Islamabad, and other facilities under international inspection. Western intelligence remains convinced that Pakistan is intent on acquiring a nuclear weapons capability, though Gen Zia has denied this.

France had an "evolving policy" on nuclear exports, M Cheysson said, and had discussed the matter with the U.S. which, un-

Continued on Page 14

Algeria-Spain pipeline plan, Page 2

# Regan sees no reason for U.S. rates to rise

BY ANATOLE KALETSKY IN WASHINGTON

THE Federal Reserve Board is not deliberately tightening U.S. monetary policy and there is no "sound reason" why short-term interest rates should rise above the 8 to 9 per cent range they have been occupying since late last year, according to Mr Donald Regan, the U.S. Treasury Secretary.

Despite concern expressed by many monetarist economists about the rapid growth of the money supply over the past few months, Mr Regan makes clear, in an interview in today's Financial Times, that the Reagan Administration does not want the Fed to push monetary growth rapidly down towards its official targets.

U.S. short-term interest rates and the dollar have risen steeply in the past few days amid speculation that the Fed was reining in monetary policy and ahead of the policy-making meeting of the Federal Open Market Committee, which ended yesterday.

But a senior administration official, elaborating on Mr Regan's statement that "there is no sound reason" for interest rates to rise said that "I don't think we will see interest rates get above the present range."

He added that last week's jump in the key Federal Funds rate above 9 per cent, for the first time this year, was "just a temporary aberration."

The Federal Reserve was "trying to let the market find its own weight and I don't think that will persist," the official, who is in frequent contact with Mr Paul Volcker, the chairman of the Federal Reserve Board, said.

Mr Regan also made clear in the interview that the Reagan Administration regards the dollar as overvalued, although it does not have

Mr Donald Regan:

views on a specific exchange rate which would be more appropriate.

He said the U.S. was very willing to discuss ideas about international economic policy coordination and exchange rate stability, including concepts like "fixed rates, supersnakes and gold-weighting," although he suggested that specific initiatives would probably have to come from outside the U.S. Government.

He expressed emphatic opposition to the idea of a concerted global solution to the Third World's debt rescheduling problems, saying that the existing mechanisms could handle the situation.

He also stated that the Reagan Administration would not be prepared to reduce its budget deficits by raising taxes and would not even approve the tax increases suggested by the President himself in the February budget, unless the Congress went much further in cutting non-defence spending.

Interview with Donald Regan, Page 12

# Chrysler raises $432m in share issue

By Paul Taylor in New York

CHRYSLER CORPORATION, the third largest U.S. carmaker, yesterday raised $432m through a 26m share offering as a further step in its efforts to rebuild its capital base.

The issue, which was priced at $16⅝ late on Monday, was sold out early yesterday, according to Salomon Brothers, co-lead managers of the offer with First Boston Corporation.

The success of the public issue, the third largest industrial stock offering ever, was widely seen yesterday as a further indication of Chrysler's improved financial position.

The issue, which had been increased in three steps from 12.5m shares, forms an important element in a two-part recapitalisation plan announced by Chrysler and approved by its 159 bank and financial institution creditors earlier this year. The effect should be to ensure that creditors receive most of the benefits of the scheme in cash rather than Chrysler shares.

The timing and size of the public share offering reflects the recent strength of Chrysler's shares. Having traded as low as $4 a share last year, their price was around $15.875 a share at the start of the year and closed at $16.625 on Monday ahead of the share issue. Early yesterday, the shares were still trading at about $16.625 after the offering was completed.

Under the recapitalisation plan, which is still subject to shareholder approval on May 5, preferred stock held by Chrysler creditors with a face value of $1.1bn would have been reclassified as common stock. Under a second part of the scheme, common stock would be exchanged for 10.6m out of 13.3m warrants held by the creditor institutions at the rate of 1.7 warrants to each share.

Together, the two elements in the initial scheme envisaged the issue of about 36m new Chrysler shares of which about 30m would cover the reclassification of preferred stock.

Under the terms of the initial agreement, the creditor institutions would have had to wait 120 days before selling their new common shares, however, Salomon Brothers said yesterday that the creditors had sought through Chrysler to turn their shares into cash at an earlier stage.

As a result, the expanded public share offering was launched. Under the latest scheme, the institutions will receive the proceeds of the

Continued on Page 14

# Private capital hint for UK coal

BY RAY DAFTER AND IAN RODGER IN LONDON

THE PROSPECT of British mineworkers taking equity stakes in their state-owned industry was held out yesterday by Mr Ian MacGregor, chairman-designate of the National Coal Board (NCB).

In a wide-ranging press conference, Mr MacGregor said the injection of private capital by investors inside and outside the industry would indicate confidence in the future of UK coal production.

He said: "Any time you can tap private capital you have some kind of understanding that pretty savvy people are interested. That indicates the industry has a future."

Although market conditions and prospects for coal were depressed, he hoped changes in the industry to make it more efficient and competitive would be "evolutionary, not revolutionary."

Mr MacGregor – who later said on television he will leave the British Steel Corporation in August – also feared that the chances of reaching a long-term deal under which BSC would sell steel slabs to a U.S. steel company had become "pretty slim."

He said speculation about the proposal in recent weeks had raised the interest of competitors. He would have more talks in the U.S. next week with the company involved, believed to be U.S. Steel, but everyone in Europe must be following our tracks."

He acknowledged that BSC losses were increasing this year but not as quickly as those of its competitors, and he was confident that it would eventually produce very satisfactory results. He reiterated his belief that he had earned the £1.8m ($2.6m) "transfer fee" to Lazard Freres for his work at BSC "several times" over.

His comment coincided with a House of Commons announcement by the Industry Secretary, Mr Patrick Jenkin, that BSC's external financing limit (EFL) for 1982-83 had been raised 58 per cent to £575m because of the deterioration in BSC's results this year. The new figure was still lower than the £768m required in 1981-82.

Turning to coal, Mr MacGregor was determined to show a conciliatory stance. He described mineworkers as "careful, thoughtful people – sterling gold."

He took the job, he said, because he believed that Britain, with its vast energy resources, should run its energy industries efficiently enough to attract energy-intensive industries, such as aluminium and some chemical industries, rather than repelling them.

Loss-making pits may be closed, Page 9



## CONTENTS

# UN chief encouraged by Moscow peace talks

By Anthony Robinson in Moscow

**THE SECRETARY General of the United Nations, Javier Perez de Cuellar, said he had received "support and encouragement" from Soviet leaders for UN-inspired efforts to arrange a negotiated settlement to the Afghan problem. He announced this at a news conference following two hours of direct talks with Mr Yuri Andropov, the Soviet leader, on Monday and a three-hour session yesterday with Mr Andrei Gromyko, the Foreign Minister.**

**When asked to provide some insights into the grounds for his optimism, however, Mr de Cuellar replied "rely on me, I have reasons for hope." Pressed further as whether he had reminded his Soviet hosts of the various UN resolutions calling for withdrawal of Soviet troops he replied "one of the elements in the problem is the presence of Soviet troops in the area. But if you want me to tell you that I think Mr Andropov will withdraw troops tomorrow I think that you are not as naive as all that."**

**Earlier Mr de Cuellar told Tass news agency that Mr Andropov was a sharp-witted man with a sense of humour and a deep understanding of foreign affairs. He added that he had had a frank and useful exchange of views during which he had sounded out the Soviet leader on a wide range of international issues, including Afghanistan.**

# Belgrade seeks extradition of oil executive

By David Buchan

**YUGOSLAVIA has announced its intention to seek the extradition from West Germany of Mr Stjepan Djurekovic, the former marketing director of INA, the largest company and main oil supplier in Yugoslavia, on charges of embezzlement.**

**The Djurekovic case has become something of a cause celebre in Yugoslavia, because of the financial difficulties afflicting the oil company, and its principal banker in Croatia, Privredna Banka of Zagreb.**

**Parliamentary deputies were told, according to Tanjug, the official news agency, that Mr Djurekovic was "suspected of embezzlement, signing detrimental contracts, forgery and participation in hostile activities," the latter pertains to allegations that he has consorted with anti-Yugoslav Utashe emigres in Munich where he has been since last year.**

# French Government refuses to yield over currency curbs

BY PAUL BETTS IN PARIS

THE FRENCH Government yesterday resisted mounting pressure from the country's travel agents and the electorate at large to water down the severe foreign exchange regulations in its controversial austerity package unveiled last Friday.

After agreeing earlier to hold consultations with the travel industry and saying the restrictions would only be applied this year, the ministry's statement yesterday contained no new concessions to French tourists or the travel agents.

Moreover, the ministry launched a new anti-inflation campaign against a whole series of commercial sectors including butchers, fishmongers, hotel-owners and hairdressers. None of them, the ministry claimed, have played their part in the country's general anti-inflation commitment.

That commitment was restated by President Francois Mitterrand last week during his address to the French people. Yesterday the Economy and Finance Ministry claimed the sectors it pinpointed had exceeded the average price increases in France.

The Ministry said these sectors had increased their prices by an average of between 9-12 per cent so far this year. This compared with the national average of less than 4 per cent, it claimed.

The authorities also indicated they were considering measures against these professions to prevent what the communique called the "contagious effect" of such price increases.

The Government's latest austerity package continues to arouse widespread criticism and controversy in France. The biggest row remains focused on the tourist restrictions which were outlined in detail by the Economy and Finance Ministry yesterday.

While the travel industry continued to warn of the dire consequences to its business and is planning a silent march of protest in Paris today the Government has decided not to yield to pressures for further concessions.

In its communique yesterday, the ministry reiterated the FFr 2,000 (£189) per adult a year limit for tourists and FFr 1,000 per child aged under 10.

**Thousands of white-coated French junior doctors marched through central Paris yesterday as part of a week-old strike that has crippled hospital services throughout the country, Reuter reports.**

# Algeria-Spain gas pipeline has backing of Gonzalez

BY OUR RABAT CORRESPONDENT

THE recently established Socialist Government in Madrid sets high store by the plan to build a gas pipeline from Algeria, crossing Moroccan territory, to Spain.

This was emphasised here yesterday by Sr Felipe Gonzales, Spanish Prime Minister, who said in an interview published during his official visit to Morocco that the project would have "enormous importance" for the West Mediterranean area.

He made it clear that he would pursue the plan seriously as soon as political conditions permitted. A go-ahead depends on the outcome of moves towards normalising relations between Morocco and Algeria.

A year ago, a study by the Bechtel company concluded that the project was feasible despite the pressure in waters more than 6,000 feet deep.

Sr Gonzales said that recent moves towards normalisation of relations between Morocco and Algeria had raised "great hopes in North Africa and southern Europe." He was referring to the meeting on February 26 between King Hassan of Morocco and President Chadli Benjedid of Algeria, the first direct contacts between leaders of the two countries for 10 years.

The Spanish Premier wound up a 48-hour visit to Morocco after conferring with King Hassan yesterday, a few days after Sr Alfonso Guerra, the Deputy Prime Minister, visited Algeria to confer with President Chadli, all part of Spanish moves to give priority to relations with North Africa.

Sr Guerra was accompanied by Sr Carlos Solchaga the Energy Minister, who discussed with his Algerian counterpart, Mr Belkacem Nabi, the problem of Algerian liquefied natural gas delieveries to Spain.

The recession has rendered Spain unable to absorb all the LNG it contracted to buy from Algeria and negotiations on the questions are to be held on April 7. But, for the future Spain sees a pipeline as a better idea.

# May Day hint by Solidarity

By Christopher Bobinski in Warsaw

SOLIDARITY underground activists headed by Mr Zbigniew Bujak indicated that they will celebrate Labour Day (May Day) in Warsaw.

At the same time, public gestures by the authorities seem intended to coax as many of the fugitive activists as possible back to their homes before that date and the Pope's visit the following month.

The Warsaw Solidarity leadership have hinted that a demonstration will be called as last year, on May 1, and warns that "the day should not be disturbed by anyone."

Gen Czeslaw Kiszczak, the Interior Minister, said in Parliament last week, that the authorities were ready for any demonstrations on that day.

Earlier this week, however, the main TV news showed Gen Kiszczak talking to Mr Andrzej Konarski, one of the most senior members of Solidarity to have emerged from hiding. The commentary quoted the general's statement in Parliament that "it isn't our intention to fill prisons."

Communiques said later that Mr Konarski who had reported to the police that day in Wroclaw was freed to go home, after the conversation. Another union official, Mr Jerzy Pierzchala, from Radom was also reported yesterday to have turned himself in and was later freed.

# EEC unveils plan to help Greek integration

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled proposals for a special régime covering Greece's membership of the European Community. It aims at easing and, at the same time, accelerating Greece's full integration into the EEC.

The Brussels proposals for Greece, which have now been adopted by the 14-members Commission, come exactly a year after EEC heads of government directed the Commission to study the Greek Government's memorandum setting out the new EEC member-state's accession problems.

The new measures for Greece being put forward by Brussels are in addition to the 1985-91 Integrated Mediterranean Programme recently adopted by the Commission and which envisages Community investment during that period of some 2.5bn European Currency Units (Ecu) (£1.6bn).

The additional six-point strategy being presented follows a six-month examination by over 200 Commission officials of Greece's particular EEC-related difficulties, and covers such areas as taxation, agriculture, industrial and public investment and transport infrastructure.

Although strictly speaking the suggested new régime for Greek membership of the EEC does not change the conditions negotiated before Athens' formal accession in January 1981, it does imply considerable modification of some of the terms. It therefore risks being branded as a blueprint for a "two-speed Europe."

The detailed plan for overcoming Greece's EEC membership difficulties is certain to come under close scrutiny by both the Spanish and Portuguese governments, as its identification of the problem areas in the Greek economy could have a direct impact on the two EEC candidate countries' difficult accession negotiations.

An important element in the Brussels Commission's response to the Greek memorandum will be the modification of the January 1984 deadline for Greece's introduction of Value Added Tax. Instead, the Commission is to agree with Athens a new timetable for fiscal reform and the elemination of existing infringements of Community law on taxation matters, with VAT being introduced after next year only on a selective basis.

Mr Richard Burke, Ireland's EEC Commissioner, who has been responsible for agreeing the revised integration framework, said yesterday that it is not yet possible to place a precise figure on the cost of many of the new proposals. Many of them, however, involve increased Community spending on Greece's agriculture and transport infrastructures.

# Agreement in sight on U.S. military bases

BY VICTOR WALKER IN ATHENS

AN AGREEMENT on the future of U.S. military bases in Greece is expected to be initialled during the five weeks separating the Western and Greek Orthodox Easters.

The talks between Mr Reginald Bartholomew, of the U.S. Statement, and Mr Yannis Kapsis, the Greek Foreign Under-Secretary, have now adjourned.

The Greek Government spokesman said there had been "some progress." The first phase, covering the political framework of an eventual agreement, would probably be wound up when the talks resumed after the Western Easter.

The optimism contrasts with earlier reports of deadlock over what Greece will obtain, in the form of military aid, in return for permitting the four main bases and several ancillary facilities to continue operating at least for the next few years.

he talks bogged down after President Ronald Reagan sent a budget to Congress foreseeing an increase to $755m from $400m in U.S. military aid to Turkey next year, but with aid to Greece unchanged at $280m.

This would up set the 7:10 ratio in military aid to Greece and Turkey respectively observed by the U.S. since 1977.

When the Greeks protested, Mr Reagan told Mr Andreas Papandreou, the Prime Minister, that military aid would be increased following an agreement on the bases.

The U.S. is now thought to have offered military equipment worth more than $500m. This would preserve the ratio for military aid, without meeting the additional Greek request that the ratio be applied to total U.S. aid to Turkey.

Extension of the formula to economic aid, of which Greece receives none from the U.S., would require Greece to receive at least $650m in 1984, to offset the total $930m proposed for Turkey.

While the Greeks are insisting on other conditions—including a timetable for eventual closure of the bases and guarantees that no operations will be carried out from them against the interests of countries friendly with Greece—settlement of the aid issue would remove the main stumbling block.

Mr Papandreou has been caught between Socialist Party election campaigning 18 months ago against "the bases of death" and the need to ensure Greece's continued impregnability should Aegean disputes with Turkey ever lead to a clash

# Malta may quit European institutions after criticism

BY GODFREY GRIMA IN VALETTA

THE GOVERNMENT of Mr Dom Mintoff, the Maltese Premier, was last night expected to put a resolution before parliament threatening to withdraw from European institutions after criticism in the European Parliament of the ruling Labour Party's civil rights record.

The European Parliament on March 11 accused Mr Mintoff's Government of limiting civil liberties on the island, with discrimination against the Maltese Nationalist Party led by Dr Eddie Fenech Adami, and of trying to force foreign embassies to sever their ties with the nationalists in breach of established international conventions.

The European Parliament's resolution also called on the EEC Commission to withdraw its aid proposals for Malta including the grant of 10m Ecu ($9.2m) and a proposed 35m Ecu aid package, "until all political liberties in Malta are guaranteed."

Some European MPs described what was happening in Malta as similar to events in Albania, adding that Malta was the only Western country where the party which obtains an absolute majority of votes could not form a government.

Mr Dom Mintoff

Reacting angrily to the move, Mr Mintoff's Labour Party warned the European Parliament that unless the resolution was scrapped it would urge the Government to reconsider its participation in European institutions, including the Council of Europe.

"The resolution is a gross insult to the Maltese people and mirrors the avarice harboured by certain European countries towards Malta," Dr Carmelo Mifsud Bonnici, the Labour Party's leader-designate, stated in a letter.

Last night's resolution in the Maltese house of representatives was expected to be cast in the same mould and probably again carry the threat of Malta's withdrawal from European institutions

What has particularly angered Mr Mintoff's Government, besides the charge of restricting democratic liberties, is the fact that the European Parliament resolution was adopted a day after agreement was reached with the Nationalist Party to return to parliament.

The Nationalists, who at last December's general election polled 4,000 votes more but won three parliamentary seats less than Mr Mintoff's Labour Party, were expected to end a 15-month boycott of parliamentary sittings last night.

# Soares promises '100 measures in 100 days'

BY DIANA SMITH IN LISBON

PORTUGAL'S SOCIALIST leader, Sr Mario Soares, has promised that if elected in April, his party will pass 100 urgent measures in 100 days to attack the most dramatic problems facing the country.

Sr Mario Soares

In 100 days, the Socialists plan to introduce legislation to clean up corruption and violent crime, stimulate more production, offer benefits in housing, health and social security to offset the harsh sacrifices that would be demanded of the Portuguese because of the economic crisis, strengthen the rights of those who work, and encourage employment of the young.

Most important of all, according to Sr Soares, is rapid establishment of a "social pact," to which he says his Government would devote rapid, intensive efforts, in order to avoid "violent confrontation."

Sr Soares believes that management and unions, even those dominated by the Communist Party, will respond to a call for a binding social pact, once the gravity of Portugal's economic situation is clearly put to them. At latest reckoning, Sr Soares' party stands a strong chance of winning the April election. He and his colleagues are carrying out a high-powered assault on the media.

Sr Soares, in ebullient good humour as the election draws nearer, stressed that the Socialists are the first Portuguese party ever to commit themselves to firm measures with a deadline. "The outgoing alliance," he quipped, "couldn't pass 20 measures in three years; they'll probably try to go one better than us and offer 150 measures now."

The system has emerged from crisis with real hope of becoming a stronger force for economic stability, writes **David Marsh** in Paris

# EMS proves sturdier four-year-old than expected

*"WE DIDN'T take the Delors statements—threatening to take the French franc out of the European Monetary System—too badly. We realised they were mainly for home consumption. Since Delors (the French Finance Minister) is the man most likely to follow policies based on achieving convergence, our preference is for his position in the Paris government to be strengthened. If that happens, I am quite optimistic,"* says a top official at the Bundesbank, the West German central bank.

*"The main danger came from the French. The Germans are rather keen on having the EMS. That's how the French managed to blackmail them . . . to keep the system stable you need some cuts in real wages in France. But I don't know whether the Government has the guts,"* says a second European central banker.

*"The French policies are out of step. If they just keep going merrily along without reducing their budget deficit, the trade deficit and the inflation rate, then there'll be another crisis in October,"* says the head of international treasury operations of one of the largest New York banks.

THESE three statements made last week following the hard-fought agreement in Brussels last Monday to realign currencies in the European Monetary System, emphasise the delicacy of the threads now holding together Europe's four-year-old exchange rate stabilisation scheme although its future may be strengthened by the tough measures announced by the French government on Friday.

As it is the EMS has proved much sturdier than was earlier expected — and the central banks which run it—previously doubtful about the scheme's usefulness—now have no doubts that it should be kept going.

Currency rates have been realigned in a compromise which has made up for divergent EEC inflation rates, kept the basic rules of the EMS intact and given some advantage to each of the eight partner countries — all the EEC members except Britain and Greece.

The foreign exchanges, after several months of unrest focused on the inexorable rise of the D-Mark against the franc, have been calmed.

And following the new French measures — aimed crucially at bringing the French economy more into line with Germany's—there is room for optimism that the EMS is now actually a stronger force for economic stability.

The system has evolved into a much less ambitious scheme than was hoped when it was set up in March 1979. But the gloomiest fears of quick disintegration have not been realised.

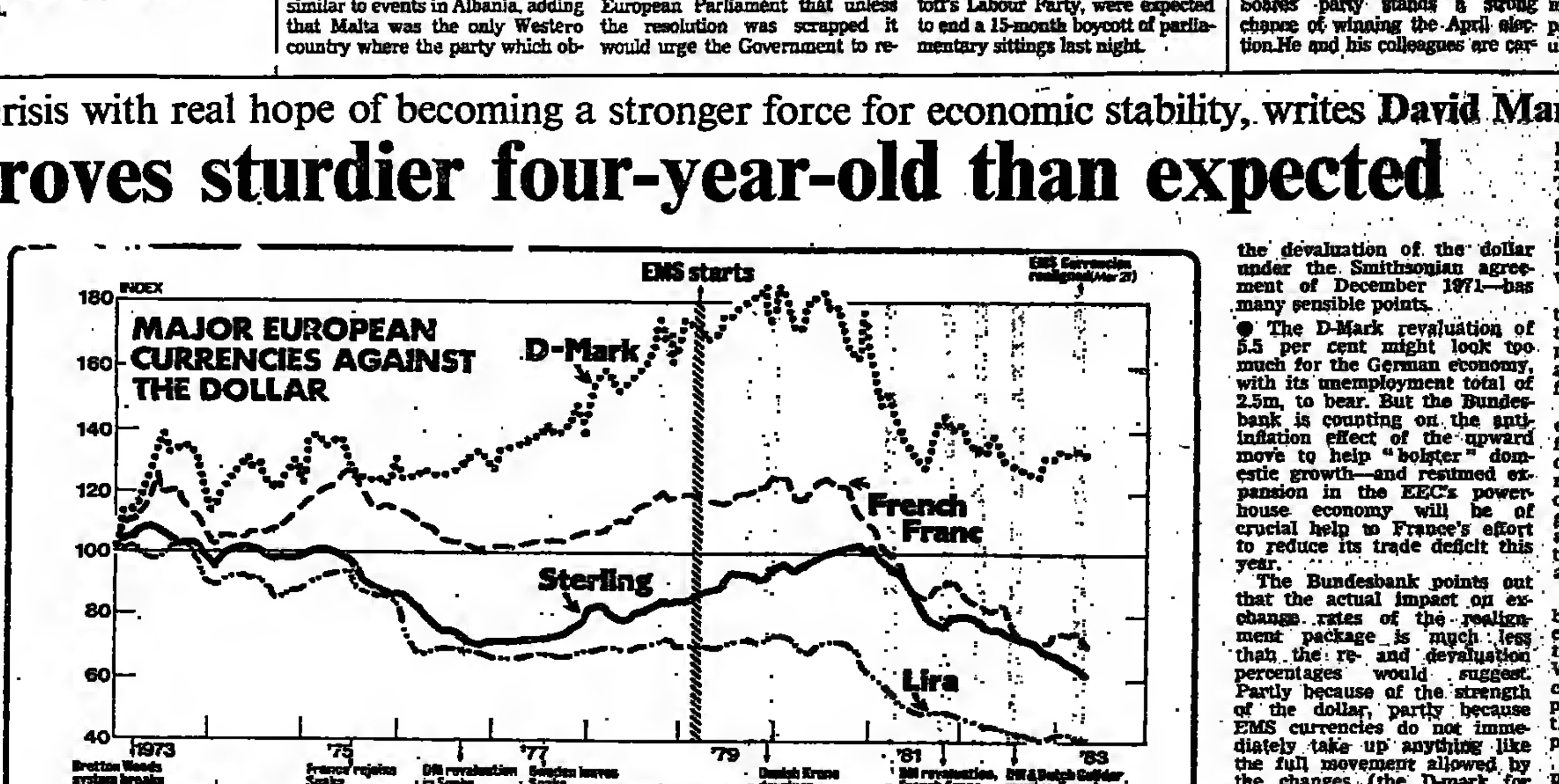
Originally, the scheme had a two-fold objective. It was supposed to stabilise EEC exchange rates at a time when the world economy was being upset by a weak dollar. It also aimed to promote economic convergence in Europe—pushing inflation rates down towards the 3 to 5 per cent German level—by forcing similar economic policies on partner governments.

These goals themselves were modest compared with the earlier EEC ideal of reaching full monetary union by 1980. Compared with the original aims, the EMS's performance has been disappointing. After four major realignments in four years — the last three compressed into the last 17 months —and three smaller ones, exchange rate stability has held for only short periods.

The gaps between individual countries' economies — notably the difference in French and German inflation and current account performances—are still marked, even though lately there have been signs of convergence.

Any illusions that the scheme could pave the way for a return to the fixed exchange rates abandoned 10 years ago have thus been well and truly dashed.

But at least governments and central banks have found a technique for running an exchange rate system which dampens volatility, and consequent economic damage of pure floating, yet which also avoids the excessive rigidity which ultimately brought the downfall of the fixed parity Bretton Woods system.




The operation of the EMS has to be set against the uncertainties that have plagued European economies since the end of 1978.

The oil price almost tripled, then dropped by a sixth. The dollar has been not weak but excessively strong, bringing to Europe both higher inflation—by increasing import prices, especially of oil—and higher unemployment, because countries have generally run restrictive monetary policies to try to keep up with high U.S. interest rates and dampen their own currency depreciation.

Freely floating exchange rates of currencies outside the EMS —not only the dollar, but also sterling and the yen—have been highly volatile. They have often moved against the pattern of relative inflation rates, which should normally be the ultimate arbiter of currency movements. This volatility, both day-to-day and over longer periods, has hampered investment planning and introduced fresh hindrances to world trade.

The recession has been much more severe and prolonged than expected, with EEC unemployment exactly doubling (to 12.4m) since the setting up of the EMS in March 1979.

Last but not least, the key political axis between Bonn and Paris has undergone a 180 degree shift, putting fresh strains on the always-delicate balance between the D-Mark and Franc.

For the first time since the war, a right-wing government is in power in Germany at the same time that the left rules in France.

Against this background, the way the EMS has held together can be judged a relative success. To adapt Churchill's phrase about democracy, it looks the worst form of monetary system—apart from all the other forms which have been tried.

So far at least, it has helped prevent EEC governments resorting to 1930s-style competitive devaluations and protectionist policies to force their way out of recession.

"My main preoccupation," says the European central banker quoted earlier, "is to preserve the European customs union. In that sense, the lip service to the EMS paid by EEC governments on Monday has paid off."

It has also been an effective instrument promoting convergence of economic policies more quickly than would otherwise have happened.

EEC central banks are still worried that monetary policies in Paris are not tight enough. This is because tight French exchange controls insulate France from the monetary squeeze that would otherwise result from massive intervention to support the franc.

But overall, compared with the ambitious expansionary goals of the French Socialists when they came to power in summer 1981, the shift back to economic orthodoxy — associated first with the franc devaluation last June, now with the latest measures—has been impressively rapid.

Significantly, governments which have had to tighten policies to keep their currencies in the EMS have followed policies close to those which might have been laid down under "stability programmes" administered by the International Monetary Fund.

When Belgium took tough accompanying measures—including the severing of wage indexation—along with the Belgian franc devaluation in February 1982, it was actually following policies which had been informally suggested by the IMF.

Similarly, France's proposed drawing of a large Community loan could be made conditional, under EEC rules, on an economic programme very close to that which would be recommended by the Fund.

Last week's package of revaluations and devaluations involving all eight EMS currencies—the most complex exchange rate adjustment since the devaluation of the dollar under the Smithsonian agreement of December 1971—has many sensible points.

- The D-Mark revaluation of 5.5 per cent might look too much for the German economy, with its unemployment total of 2.5m, to bear. But the Bundesbank is counting on the anti-inflation effect of the upward move to help "bolster" domestic growth—and resumed expansion in the EEC's powerhouse economy will be of crucial help to France's effort to reduce its trade deficit this year.

The Bundesbank points out that the actual impact on exchange rates of the realignment package is much less than the re- and devaluation percentages would suggest. Partly because of the strength of the dollar, partly because EMS currencies do not immediately take up anything like the full movement allowed by the changes (the D-mark for instance has moved from its ceiling against the franc under the old fluctuation range to its floor in the new one), the trade-weighted value of the D-mark last week was hardly changed.

- France's insistence on limiting its individual devaluation was mainly for political reasons. But the small devaluation also limits the size of the downward move against the dollar, and thus lowers the overall adverse impact on the French inflation rate. The trade-weighted drop of the franc last week was around 3 per cent.
- The revaluations of the Belgian franc, Danish krone and Dutch guilder are perfectly justified in the light of these countries' relatively low inflation rates. Belgium and Denmark in particular have over the past few years registered big falls in "real" exchange rates and their insistence on revaluing shows that neither country is looking for the "competitive devaluation" approach to boosting their economies.
- Shrewd, if costly, intervention tactics by EEC central banks—particularly the French and Belgians — limited the profits made out of the realignment by currency speculators. The Bank of France's action in driving up interest rates to astronomical levels succeeded in driving short-term speculators out of the market in the week before the adjustment.

By a freak of the calendar, the weekend Brussels negotiations marked an international monetary milestone — the 10th anniversary of the start of floating exchange rates.

On March 9 1973 the foreign exchanges reopened after a forced two-week closure — caused like this months' turmoil, by revaluation pressure on the D-Mark—during which governments decided finally to abandon fixed parities and let their currencies move freely against the dollar.

A third European central banker—a veteran of years of currency ups and downs—says that one of the faults of Bretton Woods was that exchange rate changes were "so loaded with prestige and political drama that the whole decision-making process was hampered."

Even though this month's public wrangling in Brussels may have had a positive effect in boosting the Delors image, he is worried that it marks a return to the old pattern.

"A system should not have realignments every eight or nine months. The policy should be to have no changes for a couple of years. If the authorities were determined, they could do it," says this central banker.

"The lesson of Bretton Woods was that you want to have stable exchange rates for long enough to exert constraint on domestic policies. But if you have to change rates, that shouldn't be so loaded with prestige so that the question of who is going up, who is going down, becomes of overriding importance. That doesn't do any good for anyone—and I wonder whether the voter really takes notice."



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## ENERGY REVIEW

# Australia's coal industry feels the pinch

By Gerard McCloskey

AFTER THREE weeks of negotiations, the first of the Australian coking coal producers finally reached a pricing agreement with the Japanese steel mills in Tokyo on Monday night. At $54 a tonne, the settlement for supplies of Kembla Coal and Coke's hard coking coal is a sharp $12-a-tonne cut from the fiscal 1982-83 price. Nonetheless, the signing will bring a collective sigh of relief from the beleaguered Australian coal industry and was quickly used as a benchmark by four other Australian coking coal producers currently in Tokyo — Utah, Bellambi, Theiss and Theiss-Dampier Mitsui.

### A difficult three weeks

By last night Theiss, Bellambi and Theiss-Dampier Mitsui had settled at $54 with Utah said to be on the verge of agreement. The volume of shipments of Bellambi's South Bulli coal is not yet known but Kembla will be providing 1.1m tonnes during the year, Theiss a ceiling of 1.7m tonnes from its South Blackwater mine and Theiss-Dampier Mitsui 1.6-2.3m tonnes.

A sixth team, representing a group of producers shipping out of Newcastle, New South Wales, is expected to settle at around $46.50 a tonne for its poorer-quality soft coking coal. This will also represent a $12-a-tonne cut on current prices.

It has been a difficult three weeks for the Australian producers. When they went to Tokyo, they knew that they were up against declining Japanese steel production, an increasing share of the steel production being accounted for by Japanese scrap-steel merchants and a whole string of scalps already hanging from the steel producers' belts. China's National Coal Import and Export Corporation and South Africa's Witbank Collieries had followed a trend set by producers from the U.S. led by Pittston — a trend which saw price cuts of 20 per cent and deliveries reduced to up to half 1982 levels.

The first blow to strike the Australians was the March 8 devaluation of the Australian dollar. With pens poised above the contract, Kembla's negotiators realised that the devaluation effectively gave the Japanese an extra 10 per cent of leverage on price levels. But more emphatic pressure from the new Government followed hard on the heels of the devaluation. All Australian coal exporting companies were informed in a string of telexes to go easy on any contract talks.

A separate telex was sent to Kembla which, Tokyo sources claim, instructed the Queensland producer to cease negotiations forthwith—the Government *reportedly waving* a threat of withholding an export licence for any agreement of which it did not approve. Whatever the contents of the message from the trade and resources department, Kembla immediately quit Tokyo for home.

Talks resumed the following week but broke off again last week with the sides unable to bridge a $2-a-tonne gap between what the Australians were demanding and what the Japanese were prepared to pay. But, according to Japanese and Australian commentators, at least part of the delay was caused by the insistence of Mr Peter Walsh, Australia's new Resources and Energy Minister to be consulted about the details of the negotiations before agreement was reached. His newly-created department was said to have established an "unofficial" $55-a-tonne guide price for sales to Japan.

The Japanese are clearly angered by the adoption of a more interventionist stance by Australia's Government. Long before the election, coal buyers in Tokyo reacted strongly against the $2.3m takeover by Broken Hill Proprietary of Utah International which puts the Australian steelmaker in majority ownership or control of one quarter of all Japanese coking coal imports.

What Mr Walsh now proposes would restrain the easy operation of the coal market even more and may accelerate the Japanese shift away from Australia as its major supplier. Mr Walsh has rejected the idea of establishing a producer cartel but says arrangements will be made to ensure that any contracts negotiated are in the interest of the whole industry. This will be done through federal control of licences and, he says, a satisfactory price will be a prerequisite for a licence.

The drawn-out negotiations in Tokyo for supplies for the financial year beginning on

**JAPAN'S COAL IMPORTS**

(Figures in millions of tonnes)

| | 1982 | 1981 |
|---|---|---|
| **Coking coal** | | |
| Cokemaking industry | 3.34 | 3.89 |
| Blast furnace steelmakers | 59.11 | 60.47 |
| Other users | 1.02 | 0.97 |
| **Total** | 63.47 | 65.33 |
| **Steam coal** | | |
| Ceramics/earthenware | 8.49 | 7.61 |
| Nine electric power companies | 1.58 | 0.75 |
| Other electric industry | 2.82 | 2.56 |
| Other users | 0.76 | 0.72 |
| **Total** | 13.65 | 11.64 |
| **Anthracite** | 0.63 | 0.81 |
| **Grand total** | 77.76 | 77.78 |

Source: Japan's Ministry for International Trade and Industry

Friday, were conducted against an atmosphere of crisis in Australia. Redundancies and threats of redundancies within the Australian coal industry have mounted since the change of government and producers in New South Wales, in particular, have warned that the new price levels will make a number of mines uneconomic.

Such is the level of anxiety that the Government has acceded to a request from the Australian Coal Association for a national meeting, between federal and government leaders and industry representatives. The meeting takes place today.

The Miners' Federation, too, has called for a national summit to stall further redundancies in the industry. The union concern has grown following the laying-off of over 800 workers in the last two weeks in mines operated by BHP and R.W. Miller (Holdings) and the possibility of further dismissals. BHP laid off 641 workers from collieries at Newcastle and Wollongong which supply coal to its steel-making plants. The latest redundancies bring to 1,500 the number of miners who have lost their jobs in New South Wales since June last year.

In Queensland 800 miners are facing a similar fate with many mines—particularly those operated by Bowen Basin coal operators Utah Development, CSR-Theiss and Thiess-Dampier Mitsui — heavily overmanned. "The industry is facing its worst crisis in over 20 years," says Mr Andrew Vickers, Queensland Colliery Employees Union president. He suggests all Queensland miners accept a 35-hour working week instead of the present 42-hour week. "We must do everything to avert sackings."

One call before today's meeting with the Government was for a reduction in state and federal taxes and other charges. According to the Australian Coal Association, current direct and indirect charges amount to an extra A$16 (about £9.50) a tonne, most of this coming from state rail and port charges. Cutting these charges would provide one of the few methods of coping with new Japanese price levels, it suggests.

Mines particularly put in jeopardy by the new Japanese levels include Bellambi — the highest cost producer on the south coast—and, possibly, the wholly-owned BP subsidiary Clutha Development, which also has a high-cost structure. It is believed that some underground operations by other producers including Kembla, Austen and Butta, Coal and Allied and Buchanan Borehole would also be uneconomic at the new lower prices.

But will Peter Walsh argue the industry's case within the Government for lower taxes? Certainly taxes were put on the top of the agenda for today's meeting and Mr Walsh has said that his Government must develop a more rational approach to the industry's taxation. It is known that Labor would like to introduce a resources rent tax to be imposed on profits rather than production but the coal producers will find this too nice an argument. Less tax, not just different taxes, will be their call.

Whatever the changes to be made by the Australians to keep their coal industry on a route to long-term profitability, the one part of the equation with which they are clearly going have to live is Japan, the world's biggest coal buyers.

While, at 25.4m tonnes, the bulk of last year's coking coal sales came from Australia, its producers had suffered a 12.8 per cent decline from 1981's sales of 29.1m tonnes. Steadily increasing its share of the Japanese market over the past two years has been the U.S., which raised coking coal exports from 21.6m tonnes in 1981 to 23.9m tonnes last year. A long way behind came Canada with 9.5m tonnes, South Africa (3.3m tonnes), China (1.4m tonnes) and the Soviet Union (1.1m tonnes).

### Time to look elsewhere

The cutback for Australian coal was not because of price —it remains one of Japan's cheapest sources on a CIF basis. Rather it stemmed from the rash of strikes in the coal and transport industries which bedevilled supplies in 1981. Japan's steel *men* decided that, with nearly half its coal coming from Australia, it was time to look for other sources.

However, the long-term prospect for coking coal salesmen in Japan is none too rosy. Pig iron production forecasts for Japan are flat while, on the supply side, an extra 20m tonnes of annual capacity—all of it aimed at the Japanese market —are due to come into production in Canada and Australia.

The impact of these new prices on the steam coal market is still not clear, although contracts of $36 a tonne and $39.50 a tonne FOB Richards Bay have been struck between Japan's Electric Power Development Corporation and Witbank Collieries and Total South Africa respectively. Spot prices for similar coals have been reported even lower.

*Gerard McClosky is editor of the Financial Times International Coal Report.*

# Leading UK mine groups in link-up

**By Maurice Samuelson in London**

THE MERGER between two of Britain's leading mining equipment groups underlines the industry's sharpening competition in overseas markets when the National Coal Board (NCB), its main customer, has been pruning expenditure.

Fletcher Sutcliffe Wild (FSW), the mining equipment offshoot of Booker McConnell, the food, services and engineering group, has been sold to Dobson Park Industries, the mining machinery and engineering group.

FSW is a major manufacturer of the automatic conveyors which move coal from the pit face. It also manufactures powered hydraulic supports, the modern equivalent of pit props, which move forward in pursuit of the retreating coal face.

Through its subsidiary Gullick Dobson, Dobson Park is one of the two main suppliers of roof supports to the NCB which spends more than £200m ($290m) a year on supports and conveyors.

Some 90 per cent of the UK roof support market is shared almost equally between Gullick Dobson and a subsidiary of the Dowty mining equipment group. The NCB buys the remaining 10 per cent from FSW and Babcock.

Analysts believe a major motive for Dobson's purchase of FSW lies in its competition, mainly with Dowty, for overseas contracts.

Last year's exports by members of the Association of British Mining Equipment Companies totalled £169m of which a large proportion comprised roof supports.

By adding FSW's automatic conveyors to its equipment range, Dobson Park would be in a stronger position to be chosen as lead contractor for new mining projects.

British manufacturers are looking to the U.S. as a major market where there is a growing trend to adopt "long wall" mining techniques used in the British coalfields. This technique involves coal being sheared in a continuous swathe with the face being continually advanced on a broad front.

FSW is primarily a conveyor maker, but is also a respected member of the powered support industry.

Merger details, Page 22

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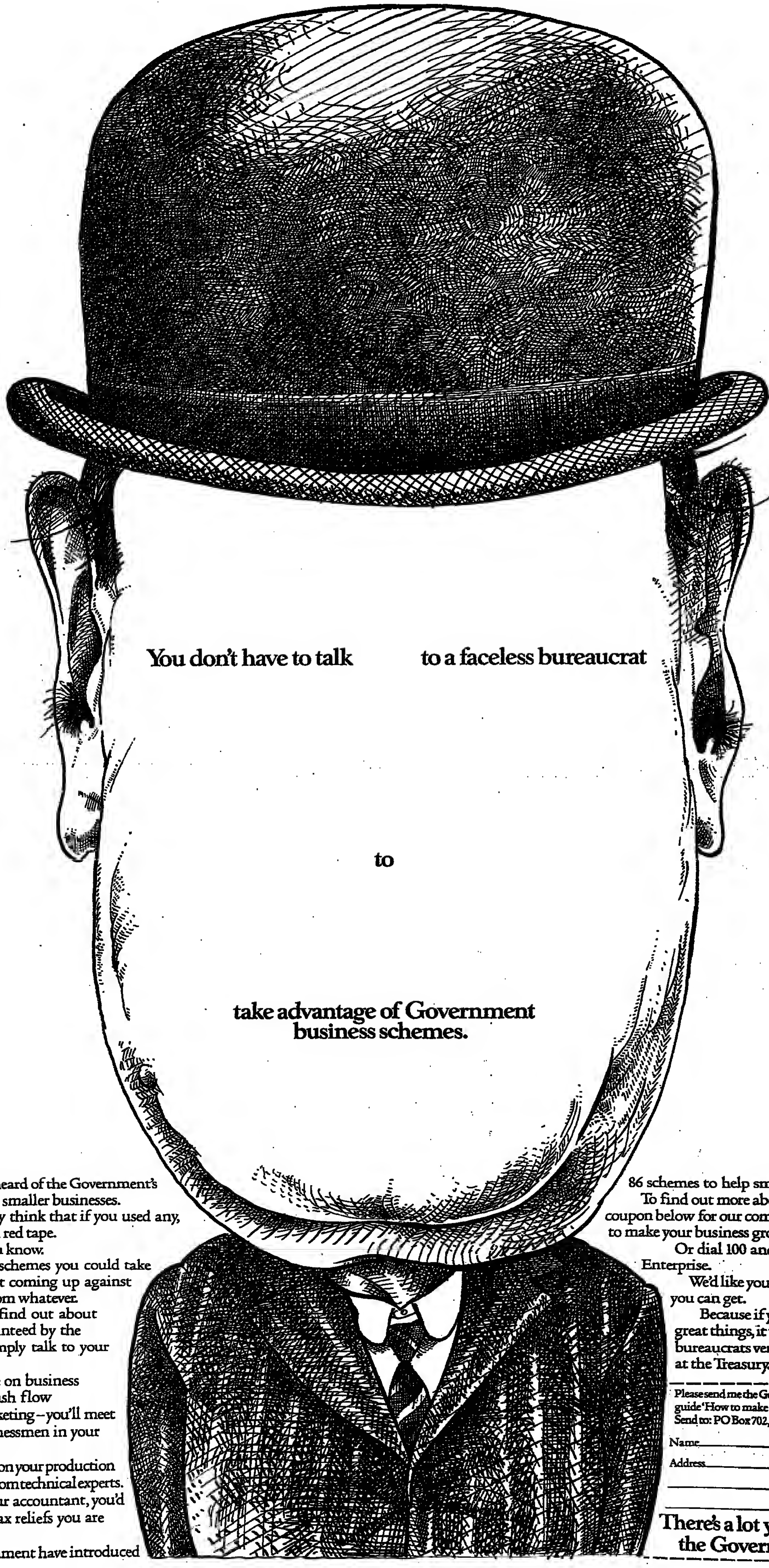


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# OVERSEAS NEWS

INDONESIA'S MAN OF POWER

## Suharto appoints forces' chief

BY RICHARD COWPER IN JAKARTA

A NEW STAR has emerged on the Indonesian political scene this week with the installation on Monday of General Benny Murdhani as commander of the 350,000-strong armed forces and his surprise appointment yesterday as head of the country's powerful national security agency, Kopkamtib.

Gen. Murdhani, newly-promoted to four-star general, is one of President Suharto's closest and most trusted advisers, and the decision to appoint him to both posts is likely to make him one of the most powerful figures in Indonesian political life.

The job of armed forces commander is particularly important as it is the army which provides the main support for President Suharto's new order regime. Kopkamtib has played a major role since it was set up in 1955 to root out Communists and combat subversion.

It has done much to ensure that existing political parties co-operate with the Government.

Gen Murdhani, who is half Javanese, half Batak, served under Gen Suharto in the military campaign in 1962 to wrest Irian Jaya (formerly Dutch New Guinea) from the Dutch, and later played a key role in helping to restore diplomatic relations with Kuala Lumpur following President Sukarno's armed confrontation campaign against the fledgling Malayan state.

For the past nine years Gen Murdhani has controlled the Defence Ministry's intelligence staff and been deputy chief of the overseas state intelligence body, Bakin. For more than five years he has also needed the country's strategic intelligence centre. Gen Murdhani continues to hold these posts too, at least for the moment.

Few Indonesians and foreigners have had direct access to him. Two years ago he surfaced playing a leading role in organising the armed attack by an elite paratroop brigade on a hijacked Indonesian airliner at Bangkok's Dom Muang airport. The raid was a success—five hijackers were killed and all but one of the hostages released unharmed.

Gen Murdhani's rise to prominence reflects the trust in which the President holds him and emphasises the decline from grace of the former Defence Minister and commander of the armed forces, General Muhammad Jusuf.

Gen Jusuf was widely regarded as the most popular general in Indonesia, but many believe that he was threatening the position of President Suharto himself. Yesterday he was installed as chairman of the State Audit Board.

## Peking criticises U.S. moves on Taiwan

By Mark Baker in Peking

CHINA has warned the U.S. that their relationship is deteriorating. It has also stepped up criticism of U.S. moves on Taiwan and the Asian Development Bank.

Wu Xueqian, the Chinese Foreign Minister, told a delegation from the U.S. House of Representatives, led by Mr Thomas O'Neill, the Speaker, that China was concerned about continuing obstacles in the relationship.

"What makes us feel uneasy is that these obstacles have not been surmounted through the efforts of both sides but, on the contrary, have increased."

Wu singled out draft resolutions submitted to the U.S. Senate and House of Representatives foreign relations committees earlier this year which argue for the rights of Taiwanese in determining the island's future. Taiwan was part of China, he said, and it was not the place of U.S. committees to debate the issue.

Earlier the Foreign Ministry made its strongest statement so far on the U.S. failure to support its bid to take over Taiwan's seat on the Manila-based Asian Development Bank.

Qi Hualyuan, the Ministry's Director of Information, said remarks by the U.S. State Department showed that "the U.S. is actually putting obstacles in the way of the bank's admission of the People's Republic of China."

The State Department spokesman said last week that the U.S. recognised the People's Republic as the legal representatives of China in international organisations, but added: "The expulsion of Taiwan would have serious implications for continued U.S. participation and funding for the ADB."

## Zimbabwe bishops accuse army of Matabeleland 'reign of terror'

BY MICHAEL HOLMAN IN HARARE

ZIMBABWE'S Roman Catholic bishops have accused units of the Zimbabwe army of killing and maiming hundreds of innocent people in a "reign of terror" in Matabeleland which has yet to end.

The statement, by the country's seven bishops, calls for a judicial inquiry and corroborates reports by foreign journalists and aid organisations on the activities of the North Korean-trained Fifth Brigade in the southern province, a stronghold of the opposition Zapu party. An anti-"dissident" operation began in mid-January.

The government has denied the reports, but the statement by the bishops, whose evidence has already been forwarded to the government, seems bound to increase pressure on Mr Mugabe, the Prime Minister, to order a full inquiry through a judicial commission.

So far the government has ordered an internal investigatory, according to a delegation from the Catholic Justice and Peace Commission which met Mr Mugabe on Monday, and it is clear that the Bishops' statement, to be released today, will increase the Government's embarrassment.

The statement, while acknowledging that dissidents have "maltreated and killed a considerable number of persons" and that the government has a right to use the army, adds: "Violent reaction against dissident activity has, to our certain knowledge, brought about the maiming and death of hundreds and hundreds of innocent people."

There is, it says, "incontrovertible evidence that many wanton atrocities and brutalities have been and are still being perpetrated."

One test of government reaction to the bishops' statement will be whether the local press decides to publish it. According to the bishops, the "mass media" in Zimbabwe "have singularly failed to keep the people properly informed."

These facts, the statement continues, "point to a reign of terror caused by wanton killings, woundings, beatings, burnings and rapings. . . people in rural areas are starving, not only because of the drought, but because in some cases supplies of food have been deliberately cut off."

Mr Mugabe

It also accuses "certain influential people" of having "inflamed the situation."

Other "public figures" have made speeches which sought "to hide the atrocities that have taken place." This would seem to be a reference to statements and speeches by some government ministers since the troubles began.

## Oil slick '15 miles off Bahrain'

BAHRAIN—The leading edge of a giant oil slick was only 15 miles off Bahrain and Qatar yesterday and is likely to hit one or both, Gulf environment officials said.

They added that about one quarter of the slick was made up of large globules of thick, tarry crude. It was causing untold damage to marine life.

Experts say the oil threatens to shut vital desalination plants in five Gulf states—Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates.

The slick is coming from two wells—one hit by a ship last month and the other alleged to have been damaged by an Iraqi attack on March 2—which lie in a Gulf war combat zone. The spill is the worst in the region's history.

In Abu Dhabi, United Arab Emirates officials said another slick, a mile long and 15 feet wide, had polluted Al-Hamriyah harbour in Dubai, which is used by small coasters and dhows plying mainly to Iran and Somalia.

Scientists at a local university were analysing the oil to see if it came from the Iranian wells or from a passing ship, they said.—Reuter.

Mary Frings adds: A team from the Red Adair company needs an assurance of eight to 10 days' operational safety in Iran's offshore Nowruz oil field to fight the fires and cap the leaking wells. The assurance has yet to be given, and the team remains in Houston.

It is clear that the Iranians are not going to beg for concessions from Iraq, so any limited ceasefire agreement would have to be brought about by regional pressure.

**Patrick Cockburn** reports on the continuing plight of refugees in Sidon

## Palestinians fear new massacre in Lebanon

SINCE the Israeli invasion last June, Lebanon has become a dangerous place to live if you are a Palestinian.

Five years ago, Nabil Sharkawi scraped together the money to open a sweet shop in Sidon. The shop prospered and he moved to a small apartment in the prosperous Abra area, in the hills overlooking the city.

Last month Nabil Sharkawi was killed by Christian extremists, who tore out his eyes and teeth. It is events like these that fan the fear of the 450,000 Palestinians in Lebanon that the massacres at Sabra and Chatila refugee camps will be repeated.

"It is the wrong time and place to be a Palestinian," said a member of the community, an engineer on his way to work in the Gulf. Most Palestinians have nowhere to go. In Beirut the survivors of last September's massacre have crowded back into the houses and streets where their relatives were slain, patching up bomb and shell-damaged walls and houses with raw concrete blocks.

In Sabra and Chatila the Palestinians have a measure of security because they are guarded by French and Italian troops from the 4,800-strong multinational force. Behind the Israeli lines in Sidon and further south, they face graver dangers. The Israelis have turned over much of the responsibility for security to Major Saad Haddad, the Lebanese army renegade and his largely Christian militia, which used to hold only the far southern fringe of Lebanon close to the Israeli border.

Today his powers have expanded. On the main road into Sidon from the north Major Haddad's men have established checkpoints backed by antique but possibly effective World War II tanks. Other members of his militia are around the town, many wearing a small but distinctive gold cross around their neck. Siron is an overwhelmingly Moslem city and the fear of more killings is almost as strong among local Lebanese as it is among Palestinians.

So far this year, more than a dozen local Palestinians have died. Their killers, including Nabil Sharkawi's probably came from a string of Christian villages to the east of Sidon. Intimidation have its effect on other prosperous Palestinians who had moved into the hill suburbs. They are being forced out, leaving their apartments without compensation.

Often they are told to move across the railway tracks which mark the edge of Ain el Helwe, the largest refugee camp in Lebanon. In 1980 the camp, a sprawling dishevelled township, had a population of 24,000 and today its muddy streets and small cabins look very crowded. Many buildings were damaged or destroyed in heavy fighting between the Israelis and the Palestine Liberation Organisation last June.

Most of the residents are women and children. The men often work in the Gulf and support their families through remittances. Since the war, many have fled to the Bekaa Valley, which is under Syrian control, or are in the Israeli prison camp at Ansar. Last week a woman was shot in the leg during a demonstration in An el Helwe demanding the release of men from Ansar.

"Any Palestinian of military age is in danger of arrest by by the Christian militias," said a man from Sidon, three of whose brothers are in Ansar. A small Palestinian national guard has been set up to defend the camp by the Israelis, but it is unlikely long to survive their departure.

If the Israelis do withdraw, the Palestinians face different problems in the south of Lebanon. Some 270,000 Palestinians are registered by the United Nations, mostly refugees or their descendants who arrived in Lebanon in 1948. Another 170,000 or so are not registered, and the Government of President Amin Gemayel is pledged to get this latter group out of Lebanon.

All Palestinians in the country face endless problems getting travel documents and passports. There are 80,000 Palestinians with Lebanese passports working in Saudi Arabia who are having difficulties getting their passports renewed because the Goverment says that many of the passports are forged or illegally held.

Many Palestinians feel extremely bitter at the unwillingness of the Gulf states to accept any more Palestinians. Saudi Arabia and Kuwait are particularly difficult to enter. Such access is crucial for their future because so many Palestinian families, and indeed many Lebanese, are dependent on one or more members making a high income in the Gulf.

Even before the war last year there were few jobs available in Lebanon. Since the start of the civil war in 1975, the country has been kept afloat by the $150m a month remitted by 200,000 Lebanese nationals working abroad.

For the Palestinians remaining in Lebanon the future has looked bleak since the departure of the PLO. At best, they remain vulnerable to pressure from an unsympathetic Government. At worst they could face a repeat of last September's killings.

Palestinians arrested during the Israeli invasion last year.



### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 10½% | ■ Guinness Mahon | 10½% |
| Al Baraka International | 10½% | ■ Hambros Bank | 10½% |
| Allied Irish Bank | 10½% | Heritable & Gen. Trust | 10½% |
| Amro Bank | 10½% | ■ Hill Samuel | §10½% |
| Henry Ansbacher | 10½% | C. Hoare & Co. | †10½% |
| Arbuthnot Latham | 10½% | Hongkong & Shanghai | 10½% |
| Armco Trust Ltd. | 10½% | Kingsnorth Trust Ltd. | 12 % |
| Associates Cap. Corp. | 11 % | Knowsley & Co. Ltd. | 11 % |
| Banco de Bilbao | 10½% | Lloyds Bank | 10½% |
| Bank Hapoalim BM | 10½% | Mallinhall Limited | 10½% |
| BCCI | 10½% | Edward Manson & Co. | 12 % |
| Bank of Ireland | 10½% | Midland Bank | 10½% |
| Bank Leumi (UK) plc | 10½% | ■ Morgan Grenfell | 10½% |
| Bank of Cyprus | 10½% | National Westminster | 10½% |
| Bank Street Sec. Ltd. | 10½% | Norwich Gen. Tst | 10½% |
| Banque Belge Ltd. | 10½% | P. S. Refson & Co. | 10½% |
| Banque du Rhone | 11½% | Royal Trust Co. Canada | 10½% |
| Barclays Bank | 10½% | Roxburghe Guarantee | 11 % |
| Beneficial Trust Ltd. | 11½% | Slavenburg's Bank | 10½% |
| Bremar Holdings Ltd. | 11½% | Standard Chartered | ‖10½% |
| Brit. Bank of Mid. East | 10½% | Trade Dev. Bank | 10½% |
| ■ Brown Shipley | 11 % | Trustee Savings Bank | 10½% |
| Canada Perm't Trust | 11 % | TCB | 10½% |
| Castle Court Trust Ltd. | 11 % | United Bank of Kuwait | 10½% |
| Cayzer Ltd. | 10½% | Volkskas Intl. Ltd. | 10½% |
| Cedar Holdings | 11 % | Westpac Banking Corp. | 10½% |
| ■ Charterhouse Japhet | 10½% | Whiteaway Laidlaw | 11 % |
| Choulartons | 11½% | Williams & Glyn's | 10½% |
| Citibank Savings | ¶10 % | Wintrust Secs. Ltd. | 10½% |
| Clydesdale Bank | 10½% | Yorkshire Bank | 10½% |
| C. E. Coates | 11 % | | |
| Comm. Bk. of N. East | 10½% | | |
| Consolidated Credits | 11 % | | |
| Co-operative Bank | *10½% | | |
| The Cyprus Popular Bk | 10½% | | |
| Duncan Lawrie | 10½% | | |
| E. T. Trust | 11½% | | |
| Exeter Trust Ltd. | 11½% | | |
| First Nat. Fin. Corp. | 13½% | | |
| First Nat. Secs. Ltd. | 13 % | | |
| Robert Fraser | 11½% | | |
| Grindlays Bank | ‡10½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.5%; 1-month 7.75%. Short-term £8,000/12-months 10.1%.
† 7-day deposits on sums of: under £10,000 7½%, £10,000 up to £50,000 8¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 7½%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7½%.
¶ Mortgage base rate.

# El Salvador civil rights claims 'unjustified'

By Hugh O'Shaughnessy

**THREE U.S. Congressmen have taken issue with the claims of the Reagan Administration that the human rights situation in El Salvador is improving. A press conference they were holding on Monday in San Salvador was broken up by General Jose Guillerme Garcia, the defence minister.**

**Representative Richard Oberstar said that the Administration's recent certification that the ebservance of human rights by the Salvadorean government had improved was "unjustified and invalid."**

**Hhis claim was backed up by Representative James Jeffords and Bill Richardson.**

**Gen Garcia brusquely accused the three U.S. legislators of being biased and cut short their remarks. Journalists present were ushered out.**

**Most of eastern Salvador was without electricity on Monday after left-wing FSLN guerrillas blew up a pylen in the department of San Vincente.**

**According to the FSLN clandestine radio station Radio Venceremos the guerrillas have captured 400 prisoners and 900 automatic weapons this year and inflicted more than 1,000 casualties on government forces.**

**A Salvadorean military report says that the 22,000-strong army suffered 3,647 dead and injured last year and that 144 went missing.**

***Mr Thomas James Western*, a correspondent for Associated Press, the U.S. newa agency, arrested in the Salvadorean capital last Saturday said in a letter smuggled out from prison that he had been detained by the anthorities wbe "want to intimidate the international Press.**

The situation in Central America is likely to figure prominently at the meeting of the Socialist International grouping ef social democratic and labour parties to beld at Albufeira in the Pertuguese Algarve next week. *In the* past the SI has given strong support to democratic socialist forces pushing fer refurm in Central America, particularly in El Salvador and Gnatemala.

**Doreen Gillespie** in Lima charts the rise of a shadowy Peruvian guerrilla group

# Shining Path leads to violence in the Andes

HOLY WEEK in Ayacucho with its colourful processions and Indian fairs is not drawing many visitors this year. The processions and masses went ehead on Palm Sunday as usual but travel agents were not willing to take the risk of terrorists holding up a tourist bus or tossing e stick of dynamite at a hotel.

"European tourists accept terrorism as a fact of life," said a travel agent who had just cancelled roservations for a large Dutch group, "but we can't take the responsibility. Besides the hotela tn Ayacucbo are full of soldiers and that makes e bad impression."

Terrorism has been a fact of life in Peru for the past 2½ years. It is mainly roncentrated in the bleak mountain area around Ayacucbo, about 150 milea south-east of Lima, where the Maoist Sbining Path (Sendero Luminoso) guerilla group has its beadquarters.

But electric pylons, bridges and railways bave been blown up in other parts of the country, and the violence has caused growing concern to companies with money inveated in the country. Businesses have added terrorism to their insurance against theft, fire and earthquakes, following attacks on department stores and public buildings.

The government has blamed foreigners, drug traffickers end illegal immigrants for organised terrorist activities in Peru. No proof has ever been produced, however, and army officers in Ayacucho say that Shining Path is ermed exclusively witb weepons stolen from police and soldiers.


Dynamite stolen from mines *is* a favourite weapon for attacking police stations. Packed into tins, it is catapulted over distance of 100 yards using native Andean slings.

The police seem to have little doubt about the origins of the subversive group. They have circulated posters with e pbotograph of Sr Abimael Guzman (alias Camarada Gonzalo), wanted for "illegal organisation of armed groups, terrorism and disturbance of the peace." Sr Guzman, e 48-year-old former philosophy professor at the University of Huamanga in Ayacucho, is—as far as anybody knows—the mastermind behind Shining Path.

The group is not new, although its campaign of sabotage followed by assassinations of police and civil authorities started when the government of President Fernando Belaunde Terry came to power.

Former members of the military regime which ruled Peru from 1968 to 1980 say they knew about it ten years ago. Student leaders belonging to Shining Path dominated the students' federation for the three years up to 1970, but later dropped out of student politics.

The group, which broke away from the Peruvian Communist Perty in the early 1970s, eppears to be determined to implant socialism in Peru through a prolonged war in the countryside leading to the occupation of towns. The area chosen for the struggle includes the Southern Central Sierra regions of Ayacucho, Huancavelica and *Apurimac, one* of the poorest parts of Peru. Native communities there eke a living out of subsistence farming and barter. Some baroly speak Spanish and there is no electricity or running water.

It is herd to say bow large Shining Path is—although there aro moro than 500 alleged terrorists in prison—or bow much support it has from the peasant farmers who are meant to be the backbone of the revolution.

Some light bas been thrown on the native communities' reaction by a report on the killing of eight journalists in the remote Andean village of Ucburracay in January. The report, prepared by Sr Mario *Vargas Llosa*, the novelist, Sr Merio Castro, a journalist and Sr Abraham Guzman, e lawyer, aays a group of communities living in the mountains declared wer on the Sbining Path and killed at least 24 guerrillas in January.

The communities, wbo live in an area whicb had been abandoned by both police and civil authorities until the Government sent in troops in December, say that the guerrillas took their food and animals and killed two local people who resisted them.

Peruvian peasants carry the body of one of the eight journalists killed by villagers who thought the newsmen were guerrillas.

They had also ordered them to plant only as much food as they needed themselves and to stop selling the surplus, for which they received salt, matches and cocoa. An Indian fair was forced to close and the road to its was dynamited.

The Vargas Llosa report says that the communities' decision to kill any terrorists who came into their area was backed by comments from police who, on being asked for protection, had told them to "defend yourselves—kill them." The report says the communities killed the journalists, whom they mistook for terrorists, by collective decision but that the main culprit was the Shining Path which had created the *climate* of violence.

Violent deaths in the southern Andes up to the end nf last year included 37 police, one soldier, nine civil authorities, 71 civilians and 48 guerrillas. Sr Vargas Llosa estimates the number of deaths have probably doubled since then.

# East-West trade high on May summit agenda

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE FORTHCOMING Williamsburg Summit of the leaders of the world'e seven leading industrial nations is likely to discuss better international co-ordination of exchange rates, as well as economic policy in general, according to its U.S. organisers.

The summit, to be held May 28-30, is the ninth in an annual seres in which western leaders try to discuss their main economic and political concerns.

U.S. officials say that they not expecting to try to reach any new negotiated agreements at Williamsburg, Virginia, which they hope will be a relaxed informal effair.

They are, however, insisting that East-West trade and economic relations will be a major topic. On the other hand, they deny allegations by the Japanese, among others, that they are determined that East-West issues should dominate the time table.

Japanese concern appears to be based on e misunderstanding of a letter sent by President Ronald Reagan in January to the other participants—the leaders of the UK, France, West Germany, Italy, Canada and Japan—in which he proposed that the two main topics should be an assessment of world macroeconomic trends and East-west relations.

Discussion at Williamsburg will be partly based on a range of studies under way, mainly on East-West issues, which will come up for discussion in one international forum or another at about the time of the summit. Some of them form part of the bargain between the U.S. and its partners under which Washington lifted its sanctions against the Siberian gas pipeline to Western Europe last year in exchange for European agreement to conduct a thorough review of economic relations with the Eastern Bloc.

The studies are:

- A joint review by the Paris-based secretariats of the Organisation for Economic Co-operation and Development and the International Energy Agency of the West's energy requirements and its vulnerability to decisions *by all outside suppliers.*
- A Nato study of East-West security relations, which should be ready by the Nato Ministerial meeting in early June, but which cannot be formally discussed at Williamsburg as Jepan is not a Nato member.
- An OECD review of export credit policies in advance of the early May deadline, when the existing OECD "consensus" on the issue expires.
- A series of high-level reviews in Co Com, the Paris-based agency that monitors trade with the East on security grounds, covering the list of products that should be put under scrutiny, the harmonisation of Western enforcement procedures against prohibited exports and an American attempt to place new defence-related items on the list.
- An OECD study on the balance of advantages in East-West trade, *including* barter-type "counter-trade" which the U.S. believes to favour the East.
- A U.S.-inspired study on exchange-rate intervention.

Interview with Donald Regan, Page 16

# Venezuelan debt refinancing talks 'progressing well'

BY KIM FUAD IN CARACAS

VENEZUELAN negotiations to refinance ebout $10bn in short-term foreign debt are progressing well and sbould be completed in three to four months, Dr Arturo Sosa, the Finance Minister said late on Monday in a televised message to the nation.

Dr Sosa, wbo was scheduled to meet a group of 12 international banks today in New York, said that Venezuela was negotiating from a "strong position" despite adverse influences on the oil market that have redneed the country's anticipated export revenues this year.

In reviewing the economic difficulties that Venezuela has been facing, Dr Sosa said that *during the first six weeks of* this year expenditures totalled more than $14bn and this trend, projected over the full year, would have mean full-year expenditures of $28bn.

The new oil pricing and production structure established by the Organisation of Petroleum Exporting Countries will give Venezuela estimated revennes of $16.7bn this year. The Government bas therefore been forced to take steps to cut *expenditure, Dr Sosa said.*

Dr Sosa also reviewed the new multiple exchange rate system established by the Government in February. The rate of Bolivars 4.30 to the dollar will apply to servicing of both the private and public sector debt, Government expenditure abroad, tuition and expenses of Veneznelan students ebroad, imports of essential goods and expenditure by the state oil industry, Petroleos de *Venezuela, and the Venezuelan* Investment Fund.

A second level of Bolivars 6 will include goods and services complementing local sources, and a third group, using the free market rate, which was Bolivars 8.10 per dollar on Monday, will include travel, remittances abroad and imports not included in the Bolivar 4.30 list nor on the list of forbidden imports.

Dr Sosa said that Veneznelan *imports of goods and services* last year came to $13.5bn, and that preliminary 1983 estimates for imports falling into the Bolivars 4.30 and Bolivars 6 rate category come to about $9.5bn.

# Lower oil price forecast

BY CARLA RAPOPORT IN SAN FRANCISCO

DR ALAN GREENSPAN, a lead- and former chairman of the President's Council of Economic Advisers, yesterday predicted that the price of oil could fall as low as $22 a barrel over the next few months.

Dr Greenspan, speaking at the eighth international petrochemical conference in San Francisco, said: "We are now on a knife-edge with the balance of Opec production and world demand. Where do prices go, if demand continues to fall?"

The economist said he was sceptical of reports that worldwide stocks of oil have been used np at an unusually high rate. "*Our data suggests* that inventory liquidation is not as high as 5m or 6m barrels a day. That means that Opec is producing more or demand is lower," he *said.*



# Japan's current account swings back to surplus

BY JUREK MARTIN IN TOKYO

THE JAPANESE balance of payments on current account swung back into surplus nn an unadjusted basis in February from its customary January deficit.

However, the proliminary figures issued yesterday by the Ministry of Finance do not reveal evidence of continued strengthening in Japanese exports that bad appeared in the seasonally adjusted figures for January.

The unadjusted current account surplus last month, $947m, compares with a deficit of $1.44bn in January. The principal factor was the transformation of January's unadjusted trade deficit of $618m into a surplus of $2.15bn.

The deficit on long-term capital account also narrowed to $265m in February from $621m in the previous month.

Merchandise exports, at $11.03bn, wero 4.5 per cent below the level of the same month in 1982, though higher than the $9.32bn of January, traditionally the worst month for Japanese overseas sales. Raw imports, on the other hand, were 13.5 per cent below those of February, 1982, at $8.89bn—largely because the value of oil imports dropped 17 per cent.

Seasonally adjusted, bowever, exports in February wero 8.1 per cent below those of e year ago, wbereas in January they had recorded a sharp 18 per cent adjusted increase over the same month of 1982, the first such monthly advance since April last year.

In the 1982 calendar year, Japan recorded e current account surplus of $6.85bn and a mercbandise trade surplus of $18.08bn. Some growth in the current account surplus had been expected for this year (perhaps $4bn-$5bn) even before the extent of the latest round of oil price cuts bad become apparent.

Bank of Japan officials are now prepared to add, in wbat they concede are very rough estimates, at least annther $2bn to the improvement. This reflects the excess of savings on oil imports over any adverse impact in merchandise trade atemming from lower Opec orders for Japanese goods and it assumes that the economies of major trading partners, especially the U.S., perform somewhat better this year than had appeared likely e short while ago.

# Iraq gets Amman credit to pay Jordanian companies

BY PATRICK COCKBURN

JORDAN is to give Iraq e $56m credit to help Jordanian companies facing losses because of non-payment by Baghdad. Some $45m is for Jordanian manufacturing industry and $20m for services and joint ventures with Iraqi state companies.

Since the start of the Iran-Iraq war in 1980 Iraq has substantially increased its imports througb the Jordaniao port of Aqaba. Tbis led to a boom in Jordanian trucking. In 1981, 38 per cent of Jordan's domestic exports went to Iraq and many factories had expanded to meet demand. These are all now being hit by Iraq's financial difficulties.

Jordanian hanks are not very enthusiastic about increasing their exposure in financing trade with Iraq or with a number of Jordanian contractors which bave projects there. "It is time for government or government - related finance. The private sector cannot afford roscheduling of payments by Iraq," a hanker in Amman said.

Iraq is *currently seeking* credit in different forms from many of ita suppliers. The U.S. Department of Agriculturo has rocently said that it had approved a credit of $230m for grain and other agricultural products. This in addition to a credit of *$210m made by the* U.S. at the end of last year.

# Dutch grain trade hit by Soviet 'boycott'

By Walter Ellis in Amsterdam

THE ANNUAL spring thaw which is now re-opening the northern Baltic ports has done little to unfreeze trade relations between the Soviet Union and the Netherlands. Rotterdam, the world's largest port and the main trans-shipment port last year for grain bound for the Soviet Union, has this year handled not so much as a single ear of corn for Moscow, and the season for indirect shipments is about to close. Soon the grain will begin going directly.

Most grain traders in Rotterdam are convinced that the reason for the disintegration of a profitable trade—1.4m tonnes last year—is the continuing rofusal of the Dutch Government to grant Moscow permission to open a consulate in the port-city. Mr Hans van den Broek, the Dutch Foreign Minister, recently refused to to change his mind on the issue despite an open threat of a grain boycott by Mr Viktor Beletsky, the Soviet Ambassador, made to *Dutch businessmen* in November. All that The Hague will offer is an increased involvement by Soviet managers in jointly run trade ventures.

Mr van den Broek last month expelled a Soviet diplomat for alleged spying and is concerned that Moscow should *not* bave a presence in Rotterdam which could be used as the basis for espionage. It is pointed out that the port is a mejor transhipment point for Nato military equipment.

# French group wins Malaysian power contract

PARIS — Alsthom-Atlantique said it won a contract totalling FFr 1bn (£94m) to supply equipment and services for a 900 Mw electrical generating station in Malaysia.

Earlier, in Japan, Toshiba Corporation had announced that a consortium of Alsthom-Atlantique, Toshiba and Mitsui had won the overall contract to build the Y80bn (£230m) station.

Alsthom-Atlantique said it would supply gas and steam *turbines for the station*

Reuter

# Spider's web of collaboration in the world motor industry

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SOME OBSERVERS predict that a "spider's web" of joint ventures and collaborative agreements will spread swiftly through the motor *industry* as it *seeks* forther economies nf scale without resorting to full-blooded mergers.

The process is already well under way as a booklet* produced by the Automotive Industry Data group shows—it contains details of 217 agreements.

*As AID suggests,* a venture between twn major vehicle manufacturers can shape the future for dozens of component makers because the deal can tead to the transfer of design aethority away from the traditional centres.

Each of the world's top 19 vehicle producers have been given special treatment in the *booklet and the accompanying* chart (ses right) give an example of the kind of information evailable.

Nissan of Japan's involvement with other groups include:

3—Alfe Romeo and Nissan have a joint company for production in Italy of 60,000 cars a year beginning tate 1983.

161—Nissan has a 54.6 per cent sharebolding in Motor Iberica of Spain and two Datsun models are being introdnced to strengthen the product range.

163—Nissan has a stake in South African glass manufacturing company Wesglas through a subsidiary company in conjunction with *subsidiaries* of Toyota, Peugeot and Toyo Kogyo.

164—Nissan and Marubeni Corporation have each acquired 15 per cent of Pilipinas Nissan of the Philippines with DMG Indus*tries holding* 70 per cent.

165—Nissan has a technology exchange agreement with Martin Marietta of the U.S. for aerospace and defence related products.

166—Nissan has an agreement with Hyderabad Allwyn Metalworks of *India* for the manufacture of 10,000 light commercial vehicles a year.

167—Nissan is to build the Volkswagen Santana in Japan beginning October 1983 at 60,000 a year. Output could rise to 180,000 a year.

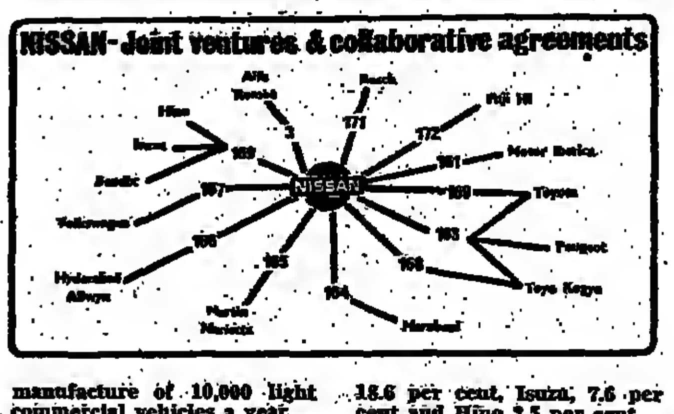
168—Nissan owns 65 per cent of *Jatco* with Toyo Kogyo having 35 per cent.

169—Nissan has a 15.1 per cent holding in Akebono Brake Company along with Bendix 19.4 per cent, Toyota 18.6 per cent, Isuzu, 7.6 per cent and Hino 3.5 per cent.

171—Nissan owns 11.2 per cent of Diesel Kiki, licensed *by Bosch (8 per cent)* to manufacture fuel injection equipment. Isuzu holds 17.9 per cent of Diesel Kiki.

172—Fuji Heavy Industries (Sabaru) is associated with the Nissan group.

* Joint Ventures. AID, *34 St* John Street, Lichfield, Staffs. WS13 6PB. £25 or $45.




New Korean underground railway at Pusan

# Bids for a subway to the Olympics

BY ANN CHARTERS IN SEOUL

IN A PUSH to complete mass urban transit systems before the 1986 Asian Games and 1988 summer Olympics, another Korean subway project is under way, this time in the large port city of Pusan. Four competitors from four countries await the ennouncement of the successful bidder in early May.

Once again, as in the Korean capital of Seoul's project, for which hidding took place last year, Japanese, French and British companies comprise the short list for final tenders put forward to the Pusan city government. For this project, however, Asea of Sweden, is *looking* to huild the rolling stock, joining a consortium of seven UK companies. The group, led by Hawker Siddeley, offered a package deal including fixed equipment, workshops and maintenance equipment, communication and signalling systems, power supply and automatic fare collection.

Other British companies involved include Westinghouse Signal and Westinghouse Brake, Vickers, Balfour Beatty, Hawker Siddeley Power Engineering, and Hawker Siddeley Revenue Control.

Alsthom Atlantique of France is making a second attempt to win a *Korean* subway contract after its consortium lost the


contract for Seoul subway lines 3 and 4 to GEC of the UK and Westinghouse and Wabco of the U.S. last year.

For the 25 km subway line in Pusan, a city of 2.3m, the Japanese companies of Mitsubishi and Marubeni tendered separate hids for the rolling stock, hut *offered* a *joint* bid together with Mitsui for the rest of the equipment. Japanese concerns were responsible for huilding *Seoul's first* two subway lioes hut lost in last year'a hidding on the two additional stages.

*Bids range from $200m-$270m* according to project officials with one of the key issues heing the amount of local content. The *Pusan city* government specified that roughly 50 per cent of the equipment and supplies be Korean-made. The subway cars ere to be manufactured locally, but only two companies, one in the *Hyundai group and one in* the Daewoo group, have the capability. This means foreign bidders are pitted against each other *for the best terms from* these two local suppliers. Financing and supply terms are part of the tenders, but no details are available.

Expectations are that the latest round of negotietions, resulting in revised bids in February is to be the last. Unlike bidding for the Seoul subway project which went through tortuous *rounds of negotiations* and expensive revisions of tenders, the pressure of time on Pusan may basten the decision. *The city's first suhway line is* scheduled for partial operation in 1985 and completion in late 1986.

The civil work started two years ago with simultaneous construction undertaken by eight separate contractors at distinct sites. Two additional lines are on the drawing board, but no civil construction has started.

Not surprisingly, commercial considerations brush up against political pressures with contracts awarded for Korea's major infrastructure projects. Some think Japan's recent $4bn agreement in aid to Korea means that more international bids may go to Japanese concerns. *Others* point out that Korea's favourable trade balance with countries such as Great Britain and Sweden give companies from those areas an advantage.

Whatever the outcome of the Pusan contract, competitors *keep tallies. French companies* were recently awarded a contract for an LNG terminal and are building Korea's latest two nuclear power plants.

GEC, Westinghouse and Wabco are now at work on the Seoul subway. It is still officially set for completion in 1984, although tunnelling through the downtown area of the city has yet to hegin. *The Seoul project for* foreign suppliers is larger at £195m for GEC and £51m for Westinghouse and Wabco. GEC acts in an overall *supervisory* capacity for interfacing the system in eddition to supplying track end maintenance equipment *and the subway cars.* The latter are being built locally with Daewoo. The American concerns are supplying the electric *communications* and *signalling* equipment. By 1986 when suburban trains are connected to the system, the subways are *expected to* carry 40 per cent of Seoul's commuters.

## EEC anti-dumping duties on steel

BRUSSELS — The European Community Commission today announced the imposition of provisional anti-dumping duties against some steel imports from Argentina, Brazil, Canada and Venezuela, Reuter reports.

The Commission said in e statement that imports from these four countries of iron or steel coils for *re-rolling* rose strongly to claim 5.5 per cent of the Community market last year, against 1.1 per cent in 1981. *Further* they were undercutting Community prices by up to 28 per cent.

## Platform order

Götaverken Arendal, the offshore branch of Sweden's state-owned Svenska Varv Shipbuilding Group, has signed a contract with the Gothenburg-based Consafe Offshore Company to build two diving and accommodation platforms worth about Skr 1bn (£91m), writes David Brown from Stockholm. The platforms, designated GVA 2000, will occupy Arendal's entire 2,700-man workforce into the early part of 1985 the group said.

## U.S. car dealers

Toyota and Honda car dealers led the U.S. market in cars sold per dealership in 1982 for the second consecutive year, a motor industry trade journal said Monday, writes AP-DJ in Detroit. Automotive News said the top-selling domestic car dealerships last year were Oldsmobile and Buick.

# UK NEWS

Labour Party and employers chart separate courses for Britain

## Foot plans for emergency action

FINANCIAL TIMES REPORTER

THE LABOUR Party yesterday launched a plan for a programme which, it claims will establish a "fairer, more prosperous and more caring Britain."

But its 15,000-word document, "The New Hope For Britain," gives a warning that its proposals will involve a reform of taxation "so that the rich pay their full share and the tax burden on the lower paid is reduced."

The document, which will form the basis of Labour's general election manifesto, was introduced by Mr Michael Foot, the Labour leader, and is the most comprehensive statement yet of their policies since Mrs Margaret Thatcher the Prime Minister, came to power in 1979.

It includes an emergency programme of action to bring about a complete change of direction for the nation. Labour says it will implement this programme within days of taking office and then embark on a five-year programme which it says will add up to a considerable increase in public spending.

In a foreword, Mr Foot said: "The special sense in which the general election will decide our future derives partly from the nature of modern conservatism, symbolised by Mrs Thatcher herself.

"She represents the competitive system in its most callous manifestation.

"She worships the profit motive, the money test. Nothing else, no other value in life, is allowed to count. She extols victorial values, without even a passing comprehension of the human suffering and indignity which the mass of our people had to endure in a pre-democratic age.

"She truly represents the readiness of the Conservative Party, old and new, to act in a crisis to protest the interests of a small privileged class."

Mr Foot said the Labour Party came into being to vanquish the hard-pinched values of victorial Britain. "It was a fight to introduce civilized standards into the world of devil-take-the-hindmost individualism," he said.

The document repeats Labour's determination to reduce unemployment to below 1m within five years of taking office. "We recognise the enormous scale of this task, but it remains the central objective of our economic policy." The document adds: "It would be wrong to finance the initial boost to spending by increasing taxation."

But it warns: "Once the economy

Foot: 'election will decide our future'

gets much nearer to full employment, some taxes will have to be increased, both to shift the tax balance towards those who can best afford to pay, and to help finance our social programme."

The document talks about industrial relations as a "battlefield," and goes on: "We believe there is a better way to harness the goodwill and co-operation of working people and to work together to create a better life for all."

Labour would restore exchange to "counter currency speculation and to make available to industry and government in Britain the large capital resources now flowing overseas." Import controls, with tariffs and quotas if necessary, would be introduced to achieve e trade balance.

There would be direct measures to restrain prices with powers given to a new price commission to investigate companies, monitor price increases and order price freezes and reductions.

Britoil would be returned to public ownership and full public control and ownership of British Petroleum would be achieved.

The emergency programme, to be implemented withing days of taking office, would involve cancellation of the Trident programme, a refusal to deploy cruise missiles, and the start of discussions to remove nuclear bases from Britain.

Arms sales to "repressive" regimes would be banned. There would also be a ban on lead in petrol and an urgent start to improve inner cities.

Citizenship and immigration laws would be introduced which would not discriminate against either women or black and Asian Britons.

## CBI mixes recipe for prosperity

BY LISA WOOD

THE CONFEDERATION of British Industry (CBI) yesterday published a 76 point "checklist" of conditions it believes are needed for trade and industry to prosper during the life of the next Parliament.

Its booklet, Making Britain Grow, is being sent to all MPs and prospective parliamentary candidates. It aims to set out in a simple form the needs and problems of business.

Sir Terence Beckett, director general of the CBI said: "What we are doing is acquainting all the political parties with what we think is necessary for business success. I would hope we could influence all and each of them in some way."

Sir Terence said that over past years the CBI had been critical of both Labour and Conservative governments. "What we support are things that are good for business," he said. The CBI also is hoping to inform the electorate of its views with regional CBIs conducting local media interviews.

Proposals include:

- Reduction of public current spending to provide scope for reducing taxation.
- Expansion of spending on capital projects such as roads, bridges and transport "which has fallen sharply in the past five years."
- Abolition of Metropolitan county councils, and local elections to be held each year for all types of authorities to contest one third of council seats.
- Employers to be encouraged to be more involved in managing schools and other teaching establishments.
- Abolition of investment income surcharge to encourage personal saving and investment, and setting the ultimate target for income tax at 25 per cent basic rate and a top rate of 50 per cent.

Sir Terence Beckett: 'cure for a hangover'

- Resistance by Government of any formal or staturory incomes policy "either to justify excessive expansion of the economy or as a means to control pay demands."
- Raising of public sector employees' contribution for indexed pensions at least to the notional 8 per cent paid by the Civil Service and "eventually such indexation should be limited or phased out."
- Changing by law the present system of contracting-out of the political levy to a system of contracting-in.
- Remaining e fully committed member of the EEC and "to seize its opportunities."

Sir Terence, at a press conference to launch the document said it was a re-statement of policies "not designed to intoxicate; rather a cure for a hangover."

He called for a "rolling back of the frontiers of the state." In 1979, he said public spending accounted for 40 per cent of the Gross National Product. This had risen to 45 per cent in 1981-82 and was likely to increase to 50 per cent by the end of the decade.

## Compromise ruled out in BL's Maestro strike

BY ARTHUR SMITH

UNIONS and management were last night adopting entrenched positions in the strike by 5,000 workers which has halted all car assembly at Austin Rover's Cowley factory at Oxford.

The company has already laid off 1,700 workers at Oxford and the numbers are expected to climb rapidly following the total stoppage of the successful new Maestro model. The Rover, Acclaim and Ambassador models are also at a standstill.

Austin Rover, BL's volume cars division, has warned of the possible consequences of a prolonged dispute for jobs and investment at Cowley. But last night the company was holding to a firm line and stressing that stocks of the Maestro were high.

"High output meant we exceeded our launch stock target by 50 per cent. The pipeline is very full and there will be no short term impact on the market place," a senior executive said.

The management insists no compromise was possible on its demand that workers should end the long established custom of "washing up time." The assembly lines are stopped for three minutes before the end of each shift to allow workers time to clean up.

To keep the tracks running "from bell to bell," according to the company, would give an extra hour's production each week – the equivalent of 100 extra cars.

The trade unions have rejected management calls to reconvene mass meetings of the workers to reconsider the strike decision. Mr David Buckle, Oxford District Secretary of the Transport Workers' Union, said employees were clear about the issues. They were tired of "autocratic management" and wanted to "re-establish their self respect."

## Lock-out threat at TV factory

By Robin Reeves

WORKERS at the GEC-Hitachi television plant at Hirwaun, South Wales, are being warned they may be locked out unless they accept a standstill in wages for a second year running, and a cut in bonus payments.

The workforce at the Anglo-Japanese-owned plant, which makes some 1,200 colour televisions a day, have voted to begin a work-to-rule next week, if the management goes ahead with the wages freeze and bonus cut, which would reduce the average pay of semi-skilled workers by £7 to about £84 e week.

Union officials have been told that in the event of a work-to-rule, the company will close the factory.

Mr Graham Williams, the plant's general manager, who was recently transferred from one of GEC's Scottish plants, also wants to sub-contract certain engineering work done "in-house" to outside contractors and also switch to buying some components from Japan, instead of making them in South Wales.

Last year, GEC-Hitachi announced 800 redundancies at the plant, reducing the workforce to less than 1,200, in a move to cut production costs.

## Nuclear Fuels to buy spot market uranium

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH Nuclear Fuels (BNFL), is to buy about £10m worth of uranium on the spot market as a capital investment for its uranium enrichment factory at Capenhurst, Cheshire.

Mr Alan Johnson, BNFL director responsible for uranium enrichment, said yesterday he had asked the British Civil Uranium Procurement Organisation (BCUPO) to buy "e few hundred tonnes" when the uranium spot market price was around $20 per lb. The price yesterday was $21.75.

The BCUPO is an agency which buys uranium in the international marketplace on behalf of the British electricity industry. BNFL, as a shareholder in Urenco, the Anglo-German-Dutch toll enrichment company, enriches uranium purchased by its customers, including the British electricity industry.

It requires, however, a "float" of uranium to fill up newly commissioned enrichment capacity, as it brings new gas centrifuges equipment on-stream, and to ect as a buffer stockpile and increase the flexibility of plant operations.

While gas centrifuge capacity remained small, the factory borrowed uranium from the BNFL stockpile for this purpose.

## Bid for VHF networks

BY RAYMOND SNODDY

THE GOVERNMENT will push for two new national VHF radio networks for Britain at next year's regional radio conference in Geneva.

Home Secretary Mr William Whitelaw said in a written answer yesterday that this will be the Government objective when allocations of extended wave bands are made for Europe next year.

One of the new networks would be used for BBC Radio 1, which now shares a VHF network with Radio 2. The other would go to the Independent Broadcasting Authority for a national independent local radio service.

Such networks could not become available for broadcasting until early 1990. The wavebands are occupied by emergency services and they would have to be relocated and re-equipped.

## Vauxhall workers lift ban on 'S' car

By Our Labour Staff

WORKERS at Vauxhall's Luton plant finally voted yesterday to call off their proposed ban on imports of the General Motors Spanish built "S" car in return for a clear commitment from the company for a resumption of night shift production.

The vote follows decisions earlier this month by workers at the Ellesmere Port Cheshire plant to call off resistance but a surprise initial refusal to follow suit by the 6,000 Luton workers.

Now that Luton has accepted the company's package and called off action the commercial vehicles plant at Dunstable is expected to fall into line.

After protracted talks between union officials and the company, agreement was reached on boosting output in the UK with a second shift at Luton and Ellesmere Port. The company also gave specific assurances to workers at Luton – the biggest plant – on maintaining pay rates and redeploying staff. It has repeatedly said that if sales drop imports will be reduced first.

- The leadership of the Amalgamated Union of Engineering (AUEW) Workers yesterday stepped into the Ford dispute at Halewood Merseyside, with a call for an independent inquiry into the sacking of an assembly line worker which started the strike.

Mr Terry Duffy, president of the AUEW, accused the management of over-hasty action in going ahead with the sacking for alleged vandalism. He said: "I have no doubt that someone in Ford must have known that incident would precipitate a dispute. That is the tragedy of it."

The AUEW, which has about 3,000 men laid off in the body plant is, in effect, supporting the position of the Transport and General Workers' Union which is also calling for an independent inquiry.

As the strike enters its fourth week the management is resigned to the official dispute going over the Easter holiday. No mass meetings of the 4,000 assembly line workers on strike have yet been arranged.

The dispute has so far cost production of 14,000 Escort cars worth in excess of £70m at showroom prices.

Vauxhall workers lift ban on 'S' car

## Scottish shipyards fear more job losses

By Mark Meredith

SHIPBUILDING on the Clyde is braced for further contraction after a sharp fall in orders. This has left British shipbuilder seeking possibly 9,000 redundancies, and many of these may fall on Scotland's largest shipyard, Scott Lithgow, which employs 5,000.

Management and unions for the entire industry meet tomorrow to discuss the cutbacks and where they will be made. Possibly 2,000 jobs may be lost at Scottish yards.

Yesterday, Scott Lithgow was working to full capacity with maximum overtime. Construction was under way on two semi-submersible vessels for BP and Britoil and a seabed operations and diving support vessel for the Royal Navy – three contracts worth a total of £190m.

Yet, the activity along the Clyde in front of the towns of Port Glasgow and Greenock masked deeper problems. Productivity is somewhere near the bottom for the Corporation yards and work will dry up some time during the summer with no further construction commissioned. Scott Lithgow's last order came in December, 1981.

Mr Cameron Parker, chief executive of Scott Lithgow, said yesterday that his yard had been treated harshly with unfair comparisons being made between its performance and that of other yards.

Encouragement in the Government's recent budget could mean new business for the yard, although the time lag leading to new orders would be considerable, he said.

Scott Lithgow had invested £12m in the past three years to give it capabilities to build drill ships and semi-submersible hulls used for emergencies and other service work. Along with the investment had come more demanding forms of construction. Special techniques had to be learned, often at some cost in terms of mistakes and time.

Nearby, in the towns of Port Glasgow and Greenock, other redundancies are awaited at two electronics companies, IBM and National Semiconductor, which employ 3,500 and provide the only other sizeable source of employment for the towns.

## Lawson stresses threat to loss-making pits

BY BRIAN GROOM

THE NEED for loss-making pits to be closed was signalled yesterday by Mr Nigel Lawson, Energy Secretary, in the wake of his appointment of Mr Ian MacGregor as chairman nf the National Coal Board (NCB).

He also declared that the nuclear component of electricity generation, at present 16 per cent compared with 75 per cent for coal, must be substantially increased.

Mr Lawson's words will increase fears among miners that Mr MacGregor's appointment signals a further reduction in the coal industry's workforce, at present numbering 200,000. At least 60 of the NCB's 193 collieries are expected to reach the end of their workable reserves by 1990-91. Mr Arthur Scargill, president of the National Union of Mineworkers, claims there is a "hit list" of 95 pits due for closure.

Mr Lawson told the annual conference of the Electrical Power Engineers' Association (EPEA) at York that the coal industry was being subsidised by more than £1.5m a day. "This cannot be justified," he said.

The Government had invested more than £3bn in coal in the past four years. A new, low-cost mine at Selby in Ynrkshire would start producing coal in a few day's time and approval had been given to the opening up of the north-east Leicestershire coalfield.

"But there will be no money to develop the industry's future as it should be developed if it is all being dissipated in keeping open worn out, loss-making pits elsewhere," he said.

The Energy Secretary said no nne had a greater interest in securing an efficient, low-cost coal industry than the electricity supply industry, coal's biggest customer.

Effective competition for coal was of vital importance to the electricity industry and its customers, and this, for the foreseeable future could come nnly from nuclear power.

He said the Central Electricity Generating Board's latest assessment showed that the Magnox stations, which were not built primarily for cost-reducing reasons, and which had been the industry's main producers for the past 15 to 20 years, were likely to prove to have been an economic proposition over their lifetime as a whole.

He added that the comparison between the latest modern nuclear and coal-fired plant – Hinkley Point B and Drax – suggested a clear advantage for nuclear power. "Pretty well all our major industrial competitors are now ahead of us in developing their nuclear power capacity. While we, in this country, pioneered the introduction of civil nuclear power and once generated a higher proportion of our electricity this way than any other country in the world, we have now fallen back to eighth place."

Mr Lawson defended the Energy Bill, which he said was designed to give private generators for the first time the ability to compete with the state-owned supply industry nn fair and equal terms.

This has been opposed by the EPEA and other electricity unions, which claim it will mean private sector investment taking the lead over the public net work.

● Mr MacGregor's appointment was greeted with dismay yesterday by leaders of the 40,000 miners in Derbyshire and Nottinghamshire. Mr Ken Toon, secretary of the South Derbyshire miners described it as "a tragedy for the industry."

## Company awarded £57,000

BY JOHN HUNT

A COMPANY which was refused financial assistance under the Industry Act has been paid £57,000 compensation by the Government, it is disclosed in the 1982 annual report from Sir Cecil Clothier, the Ombudsman – the official who investigates complaints about maladministration by authority.

The company – which, in accordance with normal practice, is unnamed – sought interest relief grants to fund projects in mining, manufacturing and construction.

Confusion arose because under changes introduced by the new Conservative Government in 1979 industrial assistance was selectively channelled to the areas of worst unemployment.

Projects already being discussed before that date were to be granted assistance only if "meaningful" discussions had taken place with the Department of Industry during the previous six months.

In this instance the Department decided meaningful discussions had been held but a minister later ruled the talks had been of a general nature.

Sir Cecil comments: "I was entirely satisfied from my investigation that both parties to the discussions had been aware that they had been meaningful and the Department agreed to my suggestinn that compensation of £57,000 should be paid."

He criticised the Department for not taking agreed notes of the discussions. The Department had agreed to remedy this.

During the year the Ombudsman received 838 complaints. There were 202 full investigations, and of these 67 (33 per cent) were wholly justified and 64 (32 per cent) partly justified.

Sir Cecil found the commonest factor was a failure of communication. He urged departments to re-examine their explanatory literature with a view to rewriting and clarifying it.

An unusual case concerned a British pensioner living in Jerusalem whose pension had not been increased in line with the annual uprating.

Britain has a reciprocal National Insurance agreement with Israel but it was found to apply nnly to those living in Israeli territory as defined in July 1956. This complainant lived in East Jerusalem which was occupied by Israel after that date.

When Sir Cecil took up the matter the Department agreed to the increase and £1,506 was paid in arrears. A review brought 22 similar cases to light in Israel and these pensions were also increased.

## Sizewell 'protects work for 6,000'

By A Special Correspondent

ABOUT 6,000 British manufacturing jobs will be safeguarded over four years if Sizewell B is built, the public inquiry heard yesterday.

Dr Ned Franklin, managing director nf the National Nuclear Corporation (NNC), said a large amount of equipment and services could be supplied by British firms which had already shown considerable interest in the £1.2bn pressurised water reactor (PWR) project.

The pressure vessel contract will go to Framatome in France but GEC has already won the design contract for the turbines and will build them if Sizewell B goes ahead.

Dr Franklin said UK industry would be able to develop its capability and might be able eventually to market complete PWR stations. The UK had accrued a considerable amount of knowledge of the PWR but unless it built at least one plant export potential would not arise.

Dr Franklin said the world economic depression had reduced orders for nuclear plants, and for the rest of this decade the prospect for any exporting country was bleak.

## Ulster board aims for 5,000 new jobs

BY OUR BELFAST CORRESPONDENT

THE Northern Ireland Industrial Development Board (IDB) has set itself a target of 5,000 new jobs in the coming year, rising to 20,000 in 1985-86.

The IDB, established seven months ago to tackle the region's economic problems, admitted yesterday it needed to "promote" 20,000 new jobs a year but said Ulster had had enough unfulfilled promises.

Jobs promoted are defined as those promised by companies which the IDB helps to fnrm or expand. Normally only about 60 per cent of those jobs ever appear on the ground.

The announcement of "realistic targets" was linked to the new campaign to improve Northern Ireland's image as an industrial investment location.

Extensive research among businessmeo in Britain, the U.S. and West Germany shows that only 12 per cent of those questioned thought Northern Ireland was "above average" as a place for new projects, putting it 19th out of 20 countries.

The research, conducted last year by MORI, also revealed that 69 per cent of those questioned would not recommend Ulster for investment.

The IDB will not set unattainable goals, said the chairman, Sir Desmond Lorimer. It was styled as a business and, as such, was concerned with the real world. Chief executive Mr Saxon Tate said the best recent year for job promotion was 1966, with a figure nf more than 7,000. The current year would yield around 3,500.

The 1983-84 target would be 5,000, of which 3,000 would come from expansions in local industry and 2,000 from inward investment. Mr Tate said: "Even these figures rely on an upturn in world trade, supported by the Government's enhanced incentives package for Ulster announced last week."

The IDB has engaged the London-based Yellowhammer Company to shape its overseas promotional effort. It also wants the co-operation of busioess and other sections of Ulster society to help sell the region.

It will initiate a group called the Northern Ireland Partnership acting as a forum for those with goodwill towards the IDB's efforts. A Great Britain-Northern Ireland Association and an American-Northern Ireland Associatinn will be formed to draw nn those prepared to be unofficial ambassadors.

The IDB's overseas effnrts to attract industry will concentrate on four sectors – office equipment, robotics, biomedical engineering and computer software.

## Seddon outlines cuts in workforce

By Nick Garnett
Northern Correspondent

SEDDON ATKINSON the Oldham-based heavy truck manufacturer told union representatives yesterday that it wanted to reduce its workfnrce nf 1,000 by about 130. It is also considering whether to close the company's components manufacturing facility which employs a further 250.

The management is carrying out a feasibility study to see which nne nf three options it should follow. These were: demanning right across the components manufacturing plant at Oldham; closure of one nr more departments, or the shutting of the whole components facility which makes parts such as axles.

A statement said the company's perfnrmance had been severely hit not nnly by the recessinn and the collapse of the truck market, but also the decision by International Harvester, the parent company, to sell Seddon Atkinson. This, it said, had resulted in a loss of confidence among customers which had further reduced sales.

Seddon closed its Preston manufacturing plant with the loss of 800 jobs two years ago

## BBC and cable company in film link

BY RAYMOND SNODDY

THE BBC has formed an association with a leading U.S. cable company to help finance a series of British feature films to be made by independent producers.

The BBC plans to contribute around £700,000 per film towards the costs of as many as six films a year in the £4m–£5.5m budget range.

The films are likely to be shown first in the cinema, then on cable, satellite and video, before receiving a general television viewing.

The U.S. company is believed to be Home Box Office (HBO), the largest and most profitable of the American cable companies. It specialises in showing feature films.

It is the first time the BBC has directly financed the making of feature films as opposed to guaranteeing payments for screening rights.

The move is clearly the BBC's first step in trying to meet the much greater demands for programme material it will face when direct broadcast satellite (DBS) channels begin in autumn 1986.

"We clearly need to get on the right side of the production process. We also want to see more films made in this country," said Mr Gunnar Rugheimar, new controller of acquisitions and programmes for DBS, yesterday.

An announcement will be made shortly about the first of the films which will have a British director, a British writer and will be shot in the UK and France.

Apart from the £700,000 from the BBC, the cable company is expected to put up around £1.7m, and around £850,000 will be accounted for by the capital tax allowances given nn British films – a scheme recently extended until 1987. The balance will come from pre-launch sales.

Mr Rugheimar said: "The arrival of American cable as a major user of feature films has created, together with the capital allowances, a situation where nur £700,000 is a very respectable participation in the partnership."

He believes, however, that the growth of a new market for British film-makers could be placed in jeopardy if any attempt is made to tax the showing of films on television as suggested by some producers.

Mr Iain Sproat, the minister responsible for the film industry, is currently reviewing methods of financing the industry.

One suggestinn from the British Film Producers Associatioo was that television should pay a levy nf ¼ p a viewer for films shown and that the money should go towards the commissioning of new films. The BBC has urged Mr Sproat to leave the whole thing to market forces.

Mr Rugbeimar said that with the present capital allowances in place and the available financial resources "we can get a number of British projects off the ground, but if people started dipping into our pockets we certainly would not be able to do so."

A levy on films shown on television would have cost £6.3m in 1981 and around £4.9m last year.

Larsen and Toubro

# Riding high on key Indian industries

**R. C. Murthy on the pragmatic approach of an expanding conglomerate**

A SHINY stainless steel model of a section of a nuclear reactor stands in the Bombay office of N. M. Desai, chairman and chief executive of Larsen & Toubro, a high-technology engineering company. The model bears witness to an activity which the company, founded in India by two Danes before the Second World War, got into more by accident than design.

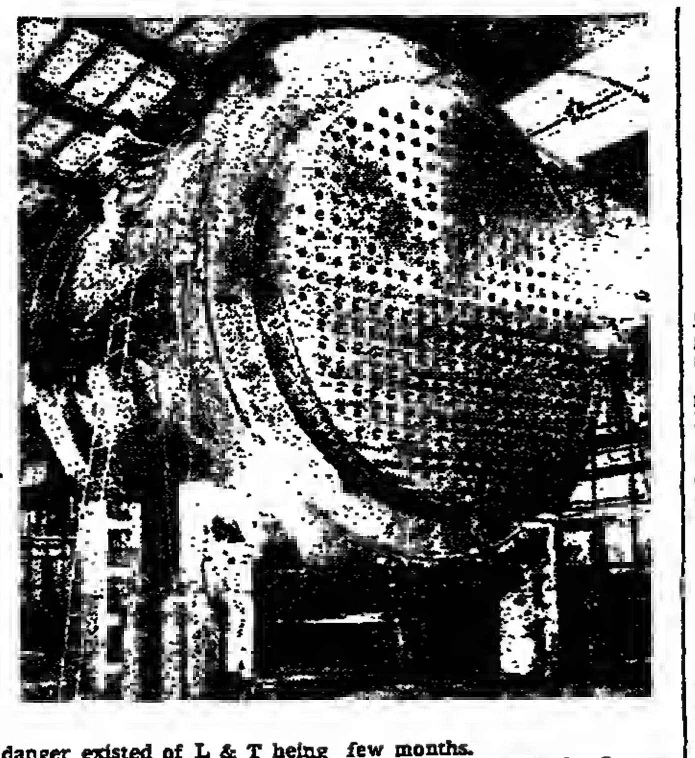
The instigator for the move was the Indian Government, which enlisted the co-operation of private sector companies five years ago to accelerate the country's nuclear power and space programmes. In the process, the public sector monopoly for such contracts was ended.

Today L & T is consolidating its position in two other industries vital to India's economy — cement manufacture and shipping — thus broadening its activities even further. The group now has 10 manufacturing plants at six locations spread around the country. L & T is the market leader for sophisticated electrical switchgear. In addition to cement, it manufactures paper and chemicals. A subsidiary, Engineering Construction Corporation, is involved in civil and mechanical construction contracts in India and overseas. Another offshoot in Singapore manufactures bottle closures.

When L & T was brought into India's nuclear programme to make one of the two calendrias (nuclear reactor vessels) for the first pressurised heavy water reactor (PHWR) power station in the desert of Rajasthar States based on the Canadian Candu design, it had to work hard to execute complicated design changes made by India's Atomic Energy Commission. "It was a challenge to make the modified nuclear reactor," comments Desai.

India now has three other PHWR power stations in various stages of construction. L & T has won contracts for both of the reactor vessels for the country's latest power station at Karkrapar, on the west coast in Gujurat.

L & T has designed an automatic welding system for welding inaccessible trijunction points in reactor vessels for which the company's R and D executive, T. Sami, was honoured by the Government last year. "We do not make much money on these contracts," says Desai. What makes the company persist with not-so-profitable jobs is adherence to one of the two principles laid down by its founder-chairman, Henning Holck-Larsen, who retired to his native Denmark five years ago: "Build something of importance to India." The other precept which the company adheres to steadfastly is "*Keep the customer happy.*"



Larsen & Toubro moved into the nuclear power industry more by accident than design as a result of an invitation from the Indian Government. The move was "a challenge" according to N. M. Desai (left), the chairman. Today the company is heavily involved in the country's nuclear programme, for example, making a calendria (nuclear reactor vessel) at the Bombay works.

The driving force for L & T's technological progress was Holck-Larsen, who went into partnership with another Dane in India, the late Soren K. Toubro, before the last war, to trade in imported equipment. When international trade came to a standstill in the war years, they switched to manufacturing. The company was turned into a public limited company with Rs 2m ($200,000) capital in the early 1950s and started manufacture of simple switchgear and dairy equipment under licence from Danish companies.

This production programme suited the needs of the Indian economy then. The emphasis in the first five-year plan (1951-55) was on agriculture. As India's economic planning acquired sophistication, and the emphasis shifted to heavy industry, Holck-Larsen set his sights higher. Earthmoving equipment was manufactured with the technical collaboration of Poclain of France at Bangalore in the Southern state of Karnataka. Utkal Machinery was established in the eastern coastal state of Orissa, as an L & T subsidiary to make a wide range of heavy equipment with the technical help of Voith of West Germany.

The basic strengths of L & T are a vast reservoir of trained manpower and capacity to assimilate technology. For instance, its entry to switchgear manufacture started in 1959 with technical designs from Laur Krudsen of Denmark for making starters and switchfuses for industrial application. In a decade, the company improved upon the imported design and won a "good industrial design award" at the Hanover Fair for four years in a row, till last year.

Such an attitude is more an exception than the rule in Indian industry, which wants periodic updating of technology by imports. A strong R and D base, modern tooling facilities and of course, the "will to do things on our own," have contributed to L & T's success, says Desai.

Since Desai took the helm of the company, there has been a sea-change in corporate policy. L and T went into cement manufacture and shipping, which are not natural fields of diversification.

This was done for three reasons: "The pull of the Gulf for jobs was so great that the danger existed of L & T being drained of its trained manpower."

Desai formulated a bold corporate plan to harness the talent of executives by offering incentives (subsidised education for staff children) and challenging assignments. The thrust in high technology areas, hitherto not attempted in India, gave a new meaning to the enterprising executives. Manufacture of outercasing for launch vehicles for the Government's space exploration programme and building heavy water towers are cases in point.

Diversification of production was considered the only way to improve profitability for L & T. But as a big business house (defined by the Government as having assets of more than Rs 200m) it could enter only two areas of manufacture — cement and shipping. The choice for diversification was limited, yet corporate decision-making was not easy. The outlook for cement, which was subject to Government price control at that time, was not good and shipping continued to be affected by world recession.

Desai, a Gujerati (a linguistic group in western India known for entrepreneurial drive) took a calculated risk in pushing the company into cement and shipping. A 3,600 tonnes per day (TPD) cement plant is under construction now. The company bought two ships last year, taking advantage of the slump in ship prices and ordered three new ships from Japanese yards to be delivered over the next few months.

In February 1982, the Government relaxed cement price control permitting producers to sell one-third of production on the market (the remaining two-thirds to be handed over to the Government at a fixed price under the dual pricing scheme). This has dramatically improved the economics of cement manufacture.

The diversifications are planned to take advantage of tax rebates for new investment and open up opportunities for the managers. Tax management has become a major objective of corporate planning now.

Larsen & Toubro is looking into leather processing for export and electronics for further diversification. Whether the company makes commodities or enters shipping, Desai insists it would remain basically a high technology engineering company. He visualises L & T graduating from being a mere contractor to taking up turnkey jobs in the future. Sales turnover is projected to rise to Rs 10bn in 1990 from Rs 2.5bn in the year to September 1982.

As the company grows, new problems are cropping up. Each of the eight groups into which the company is divided is a profit centre, says Desai, and there is a tendency to lower sights and play safe. He foresees the danger of increasing "bureaucratisation," implying a lowering of efficiency. It is to these problems the company would then have to address itself.

# How a PET notion made Dan Ludlow competitive

**A UK soft drinks manufacturer has turned a new bottling technology to great advantage. Maurice Samuelson reports**

SHIPPING orangeade to citrus growing Israel seems as quixotic as taking coals to Newcastle.

But it is proving good business for the Silver Spring Mineral Water Company of Folkestone. The reason for its Israeli deliveries (which have earned it more than £600,000 since last July) lies less in the flavour of its beverages than in its competitive prices. These in turn largely depend on how they are packaged.

The company, owned by managing director Dan Ludlow and his family, is one of a growing number of small and medium sized soft drinks makers which are producing bottles made of polyetheylene terephthalte (PET) in their own plants.

The practice has not yet spread to large companies like Cadbury-Schweppes or Beecham-Corona. These companies, together with the international cola suppliers, also use huge quantities of PET bottles. But they prefer to purchase them from the trade bottle manufacturers, such as Fibreoyle (part of Mardon Packaging International), the privately owned Lin Pac company, or Metal Box.

They have held back from making their own bottles because it would be outside their mainstream business; because they would lose their clout as large scale purchasers of packaging; and because PET bottle-making technology is still evolving. Smaller companies which have less purchasing power with the packaging industry, therefore, have a far greater incentive to be independent of it.

PET is the bright, rigid plastic which has emerged as the most successful new packaging material for 20 years. In little over four years since arriving in the UK, it has overtaken glass as the main rival to cans for carbonated drinks. It is also rapidly penetrating the beer market and has overtaken party cans as the main container for large take home packs of beer.

The two litre PET bottles form the bulk of Silver Spring's supplies to Tabori, one of the leading Israeli soft drinks companies, whose drinks sell under the Hebrew "Crystal" label.

Dan Ludlow: delighted

Tabori, which has decided to instal its own PET bottle-making plant, turned to Silver Spring, which had already been filling cans for it and asked if it could also supply filled PET bottles.

Dan Ludlow accepted the challenge with relish even though he had never attempted anything like it before and despite the cost of the bottle blowing machines which he decided to purchase from SMTP Sidel of France.

Showing visitors around his new bottle making machines, he says "I am so delighted I cannot believe they're mine," quickly adding his gratitude for the confidence shown in him by the main Folkestone branch of the Nat-West Bank. His enthusiasm has also affected his 80 strong workforce, which includes his four sons.

His decision to "go vertical" by making his own bottles was a bold step for a small company. It involved erecting a 12,000 sq feet factory alongside Silver Spring's existing bottling and can-filling hall on the Park Farm Industrial Estate at the foot of the Downs.

Together with ancillary plant, such as compressors and a storage silo, the PET bottle equipment, made by SMTP Sidel of France, cost nearly £1m. But it helped to boost Silver Spring's turnover in 1982-83 by £1.7m to £4.5m and pre-tax profit is expected to be about £300,000.

Ludlow is now committed to spending a second £1m for a one-litre bottle blowing line, which is due to be in operation next month.

In his first nine months as a PET bottle producer, Ludlow has acquired a reputation in the gloom-laden packaging industry as a man who is "ready to have a go."

The move to PET, he says, was prompted by the same factors which, six years ago, made him instal his own line for filling 1m cans a week: this was the steady decline in the traditional lemonade trade using returnable glass bottles, the former mainstay of his business.

With this market shrinking, Silver Spring moved increasingly into contract filling for other drinks makers, while continuing to produce its own little-known brands — Bing, Spring-Up, Cocopina and Rola Cola.

It has contract-packed for some of the biggest UK soft drinks groups, for international cola companies and for several retail chains with their own-label beverages.

Sales of "pop" with a penny deposit on the bottle, have dwindled as the friendly corner shops have been replaced by supermarkets. Silver Spring once supplied soft drinks to 30 per cent of the small outlets in Eastern Kent.

Working 24 hours a day for 4½ days a week its two-litre PET unit is currently producing 400,000 bottles a week and is quickly building up to its full ¾m capacity. The factory can also fill 1m cans and ½m glass bottles a week.

Despite the success of his PET venture, Ludlow has no wish to see too many of his UK contract customers follow Tabori's example by setting up their own bottling plants.

# THE ARTS

## Television/Politics

**Malcolm Rutherford**

### The Woman at No. 10

About 20 years ago, there was an American record called *The First Family*. One of the tracks had the then Mrs Kennedy conducting a guided tour of the White House. "The bathroom was a gift from Mrs So and So of Virginia," and so on. The part of the First Lady was played by an actress.

Last night on ITV Mrs Thatcher played herself without the slightest hint of parody. "This inkstand comes from the Treasury, made for Clive of India." And again, in the Cabinet room: "The blotters here are very nice when you turn them over."

Yet the resemblance seemed unmistakable. There was also more than a touch of Hollywood, especially at the start: Sir Laurens van der Post (who fed her the questions) entering the building, climbing the stairs, the Prime Minister at the top, the cameras clinging to the shot, then the title—*The Woman at No. 10*.

A woman who works at her boxes till two in the morning, then starts again by 8.30 am, clearly still finds time for rehearsals. There were too many "of courses" to make the programme spontaneous. Stopping by a portrait of Wellington, Mrs Thatcher remarked of Waterloo: "There were 22,000 dead, of course, and, of course, he never fought a battle again." And "of course" Sir Laurens just happened to have a snapshot of the corner shop in Grantham where she was brought up.

Yet there were some marvellous photographs: Mrs Thatcher with the newly born twins and again sitting on the floor with them a few years later, a picture of her at 18 looking, she said, "very young and earnest." Actually, she looked pretty stunning throughout. We could have seen more of all that.

There were some political insights, too. The Prime Minister's suspicion of civil servants suddenly came out in her comments on her first post at the Ministry of Pensions. She deeply admired her first boss, now Lord Boyd-Carpenter, who wrote so glowingly of her in his memoirs *Way of Life*.

Also a mild surprise. Asked about the Roundheads and the Cavaliers, she replied that she would have been a Cavalier: "not the slightest doubt," she said. Worth pondering. The public image of Mrs Thatcher is more of the puritan. It is nice to have it confirmed that there is a romantic lurking to get out, though I suspect that had she been alive in the 17th century, her attitude would have been a plague on both your houses.

A pity that the question was not followed up. Mrs Thatcher's trouble, it has always seemed to me and it came out again at the end of the interview, is that she relies on moral conviction rather than reason. But there is a genuine conflict between the heart and the head.

## Strauss/Festival Hall

**Max Loppert**

Klaus Tennstedt, who conducted the London Philharmonic Orchestra's Richard Strauss concert on Monday, takes a wonderfully interesting view of the composer. Under his hands, the music leaps to dramatic keenness, never sounds complacent or fattily saturated; even when some of his tempo choices or phrase-shapes at first strike the ear as unexpected, the sheer liveliness of the musical movement almost always provides the conductor's most convincing advocacy.

But, not being a fully paid-up member of the party, I did wonder whether Tennstedt could be properly called the Straussians' Straussian. Monday's readings of *Death and Transfiguration* (full of start-of-the-evening flaws) and *Don Quixote* seldom massed the seamless sheen, the effulgence, of string tone, seldom sustained a foundation of brass and wind choruses solid without being heavy. The attention tended to be drawn to inner parts, to changes of harmony; the music developed a nervy quality that other conductors gloss over.

This was all to the good in the first work, whose inherent bombast was accordingly reduced, and whose deep, dark opening was painted in colours of fascinatingly intense hue. In the masterly *Don Quixote*, however, there is a limpidity of colouring that balances all the encyclopaedic mastery of counterpoint, an overall gentleness of wit and nobility of viewpoint that tended to elude this sharp-edged account. Strangely, the manner of the cello solo, David Geringas (who uttered his last gasp with a gloriously poised and controlled glissande), was gentler and nobler than that of the performance as a whole, which seemed to call for Tortelier's famous asperities and quirkiness.

Between the orchestral works, Tennstedt came together with Lucia Popp to repeat the performance of the Four Last Songs which they and the LPO have recently recorded for EMI. Miss Popp is in her prime, just now; there is a radiance and full-heartedness about everything she does that makes one want to muzzle every criticism. It did seem to me, however, that this was not absolutely the voice for the songs, which require fuller, richer, and more even tone production from top to bottom, without the hints of metal and slight divagations of timbre that Miss Popp brings to them. In this way, her Strauss exactly matches the conductor's—wonderfully alert and full of interest even while one questions the total rightness of the style.

## Ceramics go on show

An exhibition of Oriental and European ceramics drawn from the family collection at Burghley House, Stamford, Lincolnshire, will be on view to the public, much of it for the first time, from April 1 to October 2.

The exhibition, entitled *The Wrestling Boys* after an Arita group of Japanese wrestlers which is the centrepiece of the show, can be divided into three parts: Japanese, Kakiemon; Chinese, late Ming and Qing; and 18th century Continental ceramics, particularly Meissen, Chelsea and Bow, which show the Oriental influence on European wares. Altogether approximately 250 pieces from the collection dating back to 1688 will be displayed in the Goody Rudkin Room.

Maureen O'Farrell, Fiona Hendley, Eva Mottley and Ann Mitchell in 'Widows'

## Television/Chris Dunkley

# Men beware women

The assumption, frequently heard as an assertion, that women's experiences, women's feelings, women's difficulties, women's sufferings, and women's true roles in society are largely ignored by television is not only contrary to the evidence before our eyes, it is the very converse of the truth. The television schedules are now littered with programmes agonising over precisely these subjects and doing so in a manner and with a degree of detail and introspection which has never in the history of broadcasting been applied to the experience of being male.

We need to be clear from the outset that there are two distinct sorts of "women's programmes" appearing regularly these days. The best known—those that are scheduled in peak time—are the popular drama series which have climbed aboard the bandwagon of the women's movement and are pretending to replace old values with new feminist ones. In most cases all that has really happened is that male heroes have been replaced by female heroes while the values have remained unchanged: the heroes are still tough, macho types but now they have bosoms, lip-gloss and high heels.

*Wonder Woman* was perhaps the prototype, and BBC1's imported American police series *Cagney And Lacey* is the current typical example; it is simply *Starsky And Hutch* with false eyelashes and blusher. Sharon Gless (Cagney) is seen in 12 stunning outfits—worth several thousand dollars at a guess—before the end of the opening credits. Yet the cops still win as they always did, not just by being smarter than the crooks but by rugger-tackling them when necessary. It is moderately entertaining and feminists presumably loathe it.

Our own *Widows* from Euston Films has the intelligence to be rather more subtle. As with the same company's *Sweeney* and *Minder* the distinctions between right and wrong, goodies and baddies, are extremely blurred. In fact this time the viewer's sympathies are more than ever directed towards the criminals: not only is the leading cop a neurotic slave-driving slob (male of course) but the crooks are four poor widow women. I don't relish the modern move towards agnosticism over such matters as the law and robbery with violence but I do recognise *Widows* as being technically streets ahead of most television drama series.

There are dramas with a bit more feminist gumption: the Brazilian soap opera *Malu Muhler* on Channel 4 gets remarkably deeply into the agonies of modern non-nuclear family life and proves, rather depressingly, how little difference there is in such problems between continent and continent. Impressively it assumes that such problems are common to people, not just women, and this plus the exploitation of the bodily and facial attractiveness of Regina Duarte in the title rôle doubtless turns feminists against it.

The only drama productions over the last month or so which have treated "women's subjects" with real sensitivity were both repeats: Paula Milne's touching and funny BBC play *A Sudden Wrench* about a housewife and mother who is determined to instal her own central heating, does so, and goes on to become a plumber's mate; and ITV's American TV-movie *Victims* in which Kate Nelligan played the victim of an appalling rape. Both works managed to throw light on attitudes towards women in society without simultaneously brand-

> 'Nowhere on any channel did I find a single programme remotely like these dealing with the image, the role, the problems of men.'

ing the entire male population as rabid beasts.

Good or bad, the point to be made about these programmes is that although they may be outnumbered by others featuring men in the leading parts, the male programmes are not preoccupied with men's problem, masculinity, male rôles and so on. Such considerations may crop up very occasionally, but in the female programmes they are the central driving force.

It is in documentaries and current affairs, however, that the greatest imbalance is apparent. During the past month I have watched Marina Warner's *Joan of Arc*, *The Friday Alternative* about the women's TUC, *Voices* on feminism in art and education, *20-20 Vision* on sexual discrimination in taxation, and the series *Stand Your Ground* about "women taking up space," all on Channel 4.

I have watched the *Forty Minutes* episode on female circumcision and *Jobs For The Boys* on BBC 2; and *The American Documentary* ("a moving intimate look into the lives of five career women in their 30s who made their own choices about having children" we were told: there was endless talk of "nuturing" and "parenting" and "the commitment to change diapers") and *Encounter* on "A Woman's Place" on ITV.

Nowhere on any channel did I find a single programme remotely like these dealing with the image, the rôle, the problems of men. The reason, I am driven to conclude, is that the disproportionately large number of feminists—male as well as female—who work in the mass media have persuaded themselves that men just don't have problems.

*Encounter*, which consisted of a person named Joanna Bogle asking people questions about women's rôles and then shouting down the answers, produced from a woman publisher the claim that "What women have been denied for a very long time is *choice!*" for all the world as though the men on the Ford production line and down the Welsh mines had choice as free as the birds.

Incidentally the same programme brought us Joan Lestor asserting that there is no difference between the sexes in terms of accomplishment, a claim which egalitarians might wish to be true but which is peculiarly difficult to sustain when you consider that during the past 200 years our supposedly repressed womanhood has produced some of the best fiction in the English language, from Austen and the Brontës to Iris Murdoch and Susan Hill and yet failed to produce a single composer, chess player, mathematician, astronomer, or philosopher of world stature. Those of us who find such seeming inconsistencies curious and puzzling might welcome a programme on the subject. Don't expect one though: even raising the matter is considered wickedly anti-woman.

Yet you hear not a murmur about the clear "anti man" sentiments of so many feminist programmes. The hostility ranges from the contempt so clearly indicated by Irene Bruegel in her self-proclaimed "feminist view" of Britain's economy in *Money Talks* (the economic welfare of men was better than that of women because "men control the economy and its image in public life" said Bruegel narrowing her eyes, apparently blissfully unaware of a person named Margaret Thatcher) to something which feels peculiarly like hatred in *Stand Your Ground*.

This series purports to be concerned with self defence yet it excludes all men from the programme even though the commonest victims of mugging today are young males. (Check the statistics for yourself). The reason becomes clear if you watch several episodes: this is actually a series on what Americans call "female assertiveness training."

But perhaps the clearest and most shocking evidence that what is going on here is a sex war came from the much praised *Forty Minutes* episode on female circumcision in the Sudan. In many respects it was indeed an excellent programme about a habit which is barbaric and should certainly be exposed and publicised until it is stopped. The trouble was that all the evidence on offer pointed to the fact that the hideous and painful mutilation is carried on by women.

Two detailed examples were documented by the programme, the first showing that the only person opposing a girl's circumcision was her father and the second showing that a young husband was so frustrated at being unable to penetrate his infibulated bride that he literally took a knife and cut her open. The programme provided not one iota of evidence that the ghastly operation is desired or inflicted by men—and of course that just wasn't good enough in this age of feminism.

What could be done? They did the only thing possible: tacked onto the very start of the programme a completely unsupported assertion from a woman at Khartoum University that the whole thing was the fault of men. This might seem such a transparent ploy that it could have no effect, but in fact it did the trick perfectly. The BBC press office issued a release stating that women undergo the mutilation "to pander to the egos of their menfolk" and next day the television critic on at least one national newspaper dutifully wrote about "masculine ego" and "male vanity" despite their total absence from the documentary.

Why do feminist programmes get away with stratagems of this sort with such breathtaking ease? Irony of ironies: because we still extend to women those special considerations—that special indulgence—which has for so long been seen as the right of the "gentle" sex.

## Black Light Theatre

**Alan Forrest**

Jiri Srnec's remarkable Black Light Theatre of Prague is 21 years old this year, and celebrates with a tour presenting what it regards as its best things. The Lyric, Hammersmith gave the company a respectful, but not over-enthusiastic reception.

My own reaction, seeing Black Light for the first time, except for extracts in a television arts programme, was mixed. For 25 minutes I was enchanted, moved, and laughed a lot. Three-quarters through a two-hour programme, I was wilting, and my tongue hanging out for some real theatrical meat.

Black Light's mixture of mime, dance, animation—objects floating in air as they are manipulated by actors and dancers behind the black screen with only two or three people visible to the audience, is a triumph of theatrical technique. I'm sure their performance would be a superb way of introducing a child to the magic the theatre can achieve.

Violin cases explode, pairs of long johns and knickers do a dance on a washing line, a photographer's camera becomes a concertina, top hats fly on to an actor's head, a goose leaps out of a violin case and turns into a musical instrument, the ball and chain around a prisoner's feet becomes a hot-air balloon.

Black Light's programme says its principles "go down many centuries." Certainly you can detect echoes of Commedia del Arte, the Paris boulevarde theatres, those East European animated cartoons that television companies use as fillers when the main programme runs short, and, in the sequence about the violinist, the Goon Show.

I can imagine Black Light being a hit at an art festival—its first appearance at Edinburgh in 1962 was hailed by critics. But, for my taste, it should be a late-night dessert after a rather more solid evening at the theatre.

The best thing at Hammersmith was its last thing—a presentation called *Masks*, in which ears, nose and eyes are involved in a fantastic dance. I didn't like *The Prisoner*, apart from the ball and chain dance—maybe there is some kind of deep mid-European satire in a relationship between a man and woman in a prison cell producing a rather grotesque little doll, also in a striped convict suit. Human survival? Maybe!

The trouble with Black Light is that it hasn't really moved with the times as comedy has moved with the times. The acting and miming is arch and sly. It doesn't really say anything about Czechoslovakia—I'm not expecting political protest, but it is difficult to accept a kind of lovely, colourful bromide, and a few scenes, dazzling technique apart, that could have quite well have delighted a Bradford Alhambra pantomime audience.

But I stayed the course. The best of it was very good, movement and light and enthusiasm. Maybe I'm being unkind, because what I really missed was what a crusty old conservative wants most in a theatrical production—words.

Dana Asterova

## Arthur English joins ENO

The comedian Arthur English makes his operatic debut with the English National Opera in their production of Johan Strauss's *Dei Fledermaus* which opens on Thursday, April 14, at the London Coliseum. The production will visit the Theatre Royal Plymouth in May.

Mr English will play the role of Frosch, the drunken goaler, a spoken part always taken by a distinguished comedian; and a role played previously with the ENO by Frankie Howerd and Clive Dunn.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 25–31

## Theatre

### LONDON

**A Map of the World** (Lyttelton): *Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown.* (928 2252).

**Other Places** (Cottesloe): *Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour.* (928 2252).

**The Pirates of Penzance** (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

**84 Charing Cross Road** (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

**Guys and Dolls** (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

### NEW YORK

**Agnes of God** (Music Box): *The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies.* (246 4636)

**Joseph and the Amazing Technicolor Dreamcoat** (Royale): *The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner.* (245 5760)

**Goonies** (Fairbanks): *Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon.* (432 W. 42nd). (279 4200)

**Nine** (46th St): *Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes.* (246 0246)

**Plenty** (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

**Cats** (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a *transfigured stage* in this lavish recreation of the London hit. (239 6262)

**Top Girls** (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and woman reopens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

**Extremities** (West Side Arts, 43rd W. of 9th Av.): *The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo.* (541 8394)

**Marcel Marceau** (Belasco): *If anyone can cheer up Broadway's sagging season it should be France's favourite silent clown.* (239 6200)

**Angels Fall** (Longacre): *Lanford Wilson's ponderous and pretentious ruminations on life after a nuclear accident transfers boldly to Broadway after a decidely lukewarm reception at the Circle Rep.* (239 6200)

### WASHINGTON

**Screenplay** (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politican recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

**Show Boat** (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

**The Imaginary Invalid** (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

**The Iceman Cometh** (Eisenhower, Kennedy Center): *Jason Robarts retakes the role of Hickey and Jose Quintero's direction for this O'Neill revival of bar-room reflections throught the bottom of the mug.* (254 3670)

### CHICAGO

**Duet for One** (North Light Rep, 2300 Green Bay, Evanston): *Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint.* (869 7278)

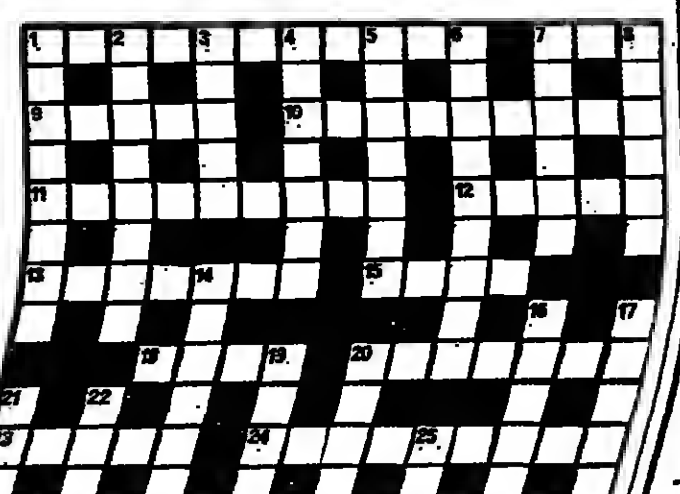
**E. R.** (Organic, 3318 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

### VIENNA

**Vienna's English Theatre** (421 260): Arsenic and Old Lace (daily except Sun)

**Theater an der Wien** (579 632): Anatevka (daily except Mon)

## F.T. CROSSWORD PUZZLE No. 5,135



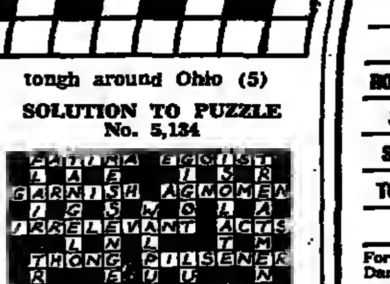
### ACROSS

1 Falsifies credit in Bow (11)
7 Doctor's bag? (3)
9 Copper light, comfortable and easy (5)
10 Having no sovereign, kept tanner pieces for melting (9)
11 Means of elevation to professorship? (5-4)
12 *Texan mission not entirely fashionable . . .* (5)
13 *. . . their missions can mean severe reproofs* (7)
15 *Place on table to show potter's colour . . .* (4)
18 *. . . brought up issue of black touching another ball* (4)
20 *Supple in body — that is some going after fifty!* (7)
23 Lemonade stock renewed—do call (3, 2)
24 *This pub, by the way, shows our O.E. dash for renovating* (9)
26 Do certain elements require this editorial treatment? (9)
27 White linen for priest, dotted for civil engineer (5)
28 Agreeable sound (from lady especially) (3)
29 Astrologer had no fine fiddle to entertain endlessly (11)

### DOWN

1 Confront Denry Machin or Jack? (4-4)
2 I stand corrected at church for aloofness (8)
3 Film of busy Orpington? (5)
4 Difficult position for artists' reform (7)
5 Ordered "time's up" as incentive (7)
6 We can rely on them to pocket litter (9)
7 He has a means of being free to see foreign lands (6)
8 Lawn golfer? (6)
14 Republic of Ireland and Ulster study proposition for peace (9)
16 Old banger giving such trouble — must boil over (8)
17 Will they go mad in march-time? (8)
19 Ruffled sea-bird showing cuffs (7)
20 Left breadwinner below—he needs the experience (7)
21 Rakish and extremely silly about wine (6)
22 Black suit for burials? (6)
25 The screen shows what is tough around Ohio (5)

SOLUTION TO PUZZLE No. 5,134



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Wednesday March 30 1983

# Forward into the past

THE LABOUR PARTY'S campaigo document for the next Geoeral Election, published yesterday, is called *The New Hope for Britain*. It does not require mucb exercise of the imagination, bowever, to see that it is really a compendium of old hopes that failed. Rarely can there bave been snch a reactionary treatise.

It is simplest, and certainly most damning, to let the document speak for itself. For instance: "At the beart of our programma is Labour'a new partnership with the trade unions. . . . We will repeal the divisive Tory 'employment' laws. . . . We must nnt allow firms to use a return to growth as an excuse to put up prices. . . . Exchange controls will be reintroduced. . . . We must be ready to act on imports directly . . . introduce back-up import controls, using tariffs and quotas, if these prove necessary, to achieve our objective of trade balance. . . . We will buy our food where it is cheaper, on world markets, following Britain's withdrawal from the EEC."

The examples are legion: "We reaffirm our commitment to achieving full puhlic control and ownership of Britisb Petroleum. . . . Lahour will phase out *health charges* (and) take a major puhlic stake in the pharmaceutical industry. . . . Labour will give council tenants a new deal. In addition to a freeze on rents for a full year it will . . . empower public landlords to renurchase homes sold under the Tories."

### Disarmament

In other words, nothing has heen left out. Everything that the *Labour Party has* ever promised over the years is there, including a few additions like the commitment to a nonnuclear defence policy and e new respect for animal rights.

It is trua that the language is sometimes fudged. Take the following section on disarmameot: "We must use unilateral steps taken hy Britain to secure multilateral solutions on the international level. Unilateralism and multilateralism must go hand in hand if either is to succeed. It is for this reason that we are against moves that would disrupt our existing alliances."

But, to be fair to the Labour Party, tha language is sometimes plain enough. For example: "We will not permit the siting of cruise missiles in this country and will remove any that are already in place." And again, withdrawal from the European Community will be "completed well within the lifetima of the Parliament." No room for fudging tbere. Britain *is either* inside the Community or outside. Labour bas stated its position unambiguously and it is doubtful if the party conference will let it forget it.

It may be said *in* extenuotion tbat this is a campaign document, itself distilled from the mucb longer 1982 programme, not an election manifesto. It will be abridged and may be fudged further before the election takes place. But it begins to look as if, at least under the present leadership, the die is cast. Labour is the party of isolation.

### Attractions

The tragedy is that the document does contain some good ideas. The national economic assessment developed in greater detail by the TUC-Labour Party Liaison Committee last week, is one of them. Tha emphasis on relieving unemployment and raising low pay must also have their attractions, especially to natural Labour supporters and perhaps a few others, disenchanted by Mrs Thatcher.

Yet it is not so much that Labour has missed an opportunity to exploit understandable grievances and present Government weaknesses. It is that it has deliberately turned its back on the way the world has changed. Other left-wing parties in Europe have been successful by a process of adaptation to the world as it is. The Social Democrats in West Germany for years an outstanding example until their recent demise. Mr Palme has adapted in Sweden, Mr Gonzales in Spain, and perbaps even the Communists in France.

The British Lahour Party, by contrast, regurgitates old resolutions and sees the future in the past. If ever there were an opportunity for the Social Democratic Party after its setback in Darlington last week, this should he it.

# French austerity merits support

IN 1981, three weeks after the election of President Mitterrand, we predicted that "the socialist Mitterrand will follow the Social Democrat Scbmidt and the Republicau Reegan in learning tbat the combination of oil-induced deficits, recession and inflation leaves precious little room for economic self-expression."

The forces for economic, and even political, convergence bave indeed proved formidably strong. Tbe "supply side" mixture of fiscal laxity and monetary tightness tried in the U.S. gave way to monetary accommodation and mounting pressure to curb the public deficit. In West Germany, the Government changed, largely over the issue of economic policy. But the transformation in France has eclipsed both. The early aims of employment creation and o self-sustaining dash for growth were suppressed in the course of three devaluations of the French franc, with accompanying economic measures. They bava been replaced by the fight against inflation through the imposition of austerity.

It is a transformation that has required an exhausting amount of political courage of the French president. He bas seen the ideals of his Socialist-Communist Government rolled flat between the obligations of EEC membership—the need to keep the French market open to imports, the constraints of the European Monetary System—and tha inclination of the world's investment, credit and foreign exchange markets to regard any socialist experiment with heavy scepticism.

### Great value

Yet, as ha stressed in his speech to the nation last week: "We did not want and do not want to isolste France from the European Community . . ., just as we did not and do not want to distance ourselves, whatever proviso may be set, from the alliance upon which our security rests."

These wishes are of great value to France's partners in the EEC and in Nato. They have, in this last devaluation alone, cost President Mitterrand an austerity package designed to take spending power away from tbe French public equivalent to two per cent of GNP, unpopular new taxes and travel restrictions, the expulsion of prominent socialist's from ministries, a week-long effort to win support from tha Socialist and Communist parties for the package, and a continuing fight to win the co-operation of organised labour.

While there are aspects of the current Frencb Government's opproach which must still be considered counterproductive—the absurd and sweeping notionalisation, the reinforced tendency towards dirigisma and interference in industry, the undertones and overtones of protectionism—it is clear tbat these sacrifices deserve support from France's neighbours and in the financial markets.

### Implications

Further external pressure on France is not difficult to predict. Even if the Government succeeds in its aim of getting inflation in France down to 8 per cent by tha end of this year, tbere will still be a gap between French and German inflation of some 4-5 per cent, with continuing implications for the Franc-D-Mark parity. Even if the Government succeeds in cutting last year's Frencb current account deficit from FFr 79bn to around FFr 40bn, that deficit will still have to be financed, against a background of currency reserves that are all but exhausted.

Resistance within the EEC to agricultural price rises so important to French farmers is now re-inforced by the mounting U.S. campaign against Europe's subsidised agricultural exports.

But bow many more austerity measures can realistically be demanded of the Mitterrand Government? Another crisis could either force the President to abandon his commitment to EEC rules or lead to parliamentary elections and an unpredictable showdown between President and Netional Assembly.

Other EEC members should take account of these dangers. The French Government itself might profitably reconsider its attitude towards the International Monetary Fund—an institution which is always avoided by governments until it is too late. With elections behind it, and with its commitment to reduce inflation and current deficits so obvious, France could find the IMF a useful ally as it seeks to rebuild its reserves and finance its deficit on trade.

## An interview with Donald Regan, U.S. Treasury Secretary

# 'I do not see why short-term rates should rise'

**ON FRIDAY night as U.S. interest rates and the dollar soared in response to renewed uncertainties about the economic policies of the Reagan Administration and the Federal Reserve Board, Mr Donald Regan (right), the U.S. Treasury Secretary and the Reagan Administration's chief economic spokesman, discussed views of monetary and fiscal policy, exchange rates and the prospects for international economic co-operation with ANATOLE KALETSKY in this special interview.**

Ashley Ashwood

**IN recent years the whole future of the world economy has often seemed to turn on the answer to a single question — what happens next to U.S. interest rates? After falling sharply late last year and then stabilising before Christmas, *interest rates have started rising* ominously again in the past few weeks. What do you think is the cause of this?**

People are wondering whether or not the Federal Reserve Board has tightened monetary policy. They have seen press reports about the Fed "snugging up" the monev supply or taking in the slack. They have noticed the Fed'a absence in the money markets recently as interest rates have edged up and so they are nervous. I suspect myself that the Fed is just trying to keep on a steady course.

**When the Administration keeps asking for a "steady course"—steady in terms of what? You used to mean tbe money supply, but how can they keep o steady course on money supply if nobody even knows what the money supply is?**

The Fed is not trying to stop the money supply from growing. They are trying to provide enough money to keep tha recovery under way. This recovery is not all that robust at least judging by the preliminary estimate for the gross national product in the first quarter (which showed growth at a 4 per cent annual rate) and other things that we in the Treasury can see. The economy is not snapping back with the same degree of strength as in other recoveries. The Fed is trying to peer through the fog of the money aggregates, to use another sailing analogy, and see wbat all those figures actually mean.

**Well, one genuine sign of steadiness whicb some people thought they could see was in the behaviour of short-term interest rates, which havc remained remarkably stable between 8 and 9 per cent for about four months. Bnt now Fed funds have pushed above 9 per cent again and the Fed seems to have done nothing to stop it.**

It is not up to the Secretary of the Treasury to talk in detail about the Fed's market operations, but I will stand by this: I do not see any sound reason at the moment why short-term interest rates should rise.

**What about the overshooting of tha money targets? Do you think the Fed should be trying harder to push the figures hack towards the ranges it has set?**

Let us talk about the M2 target for example. The Fed has said that it will wait and see where the February and March figures settle and then start the new growth bands from there. So what does it matter whether M2 is up this quarter at a rete of 10 per cent or 12 per cent or 14 per cent?

**You don't see alarming inflationary implications then if the Fed simply leaves the excess money that has already got into the system?**

No I don't. I think the economic recovery is now bere and we have about the right amount of money in the system to continue recovering without overly inflating. Look at all of the things that go into prices—labour cost, energy, food prices and productivity—they all point to inflation staying down. On Friday we reduced our official projection of the GNP deflator from 5.4 to 4.5 per cent and even this could turn out to be too bigb.

**Summarising then, you said *that interest rates have risen* becanse the markets are nervous and yon seem to bave implied that what investors are nervous abont is not so mnch the danger of any actual inflation that conld be caused by the money snpply growth, rather the nervousness is feeding on nncertainty abont bow the Fed may react to this growth.**

Tbat's right, that's right.

**If the Fed shares your views about the good ontlook on inflation, and jndging from Mr Volcker's recent statements, he for one does, wby should the markets worry abont a monetary tightening? There do not appear to be any rational grounds to expect the Fed to do this.**

Well, both the short-term and the long-term markets are reacting to one thing—they are worried about tha deficits for *1984, 1985* and *1986*. I agree that were we to run huge deficits of the $200hn variety we would ebort this recovery hecause of Treasury borrowing crowding out the privete sector.

The markets see such things as last week's budget resolution pushed through hy the Democrats in the House of Representatives, calling for more spending and so of course they worry.

**But the Democratic hndget which yon *have just* condemned actually has a slightly lower deficit in it than the one proposed by President Reagan. On the other hand, you and the President have repeatedly ruled out higher taxes this year and in recent weeks bave seemed to back away even from the "standby" tax increases which yon *proposed in your February* hndget to raise $100bn a year in revenues from October 1985 onwards.**

We are not backing away from what we said because we explicitly made the standby taxes conditional on our spending cuts being enacted. We don't think the American public should be taxed more simply in order to allow the Congress to continue speeding. That Democratic hudget increases domestic spending and cuts defence spending, but not in the same proportion, so the deficit they end up with is actually larger. They then want to pay for that deficit with additional taxes. Now where in heaven's name is it written in a textbook that the way to recover from a recession is to raise taxes? I've never seen that suggested and if the Democrats persist, we will go right back to what we had *before—the taxes won't* go through and the bigger deficits will remain there. That is what the markets are worried about.

**Are you saying that on the basis of the kind of spending in the Democratic budget you would not even agree to standby taxes in October 1985, never mind the immediate tax increases the Democrats call for?**

*That is correct.*

**Moving to international affairs, the dollar has strengthened again recently against all major currencies. Do yon regard the dollar as overvalued?**

If our interest rates were to come down over the next few months and weaken the dollar, we would be happy. The Japanese have told us, for example, *that* because of *our* high interest rates we have heen sucking money out of Japan and that may well be so. We recognise that our high rates of interest will attract capital from abroad and this is not something to our liking.

**Do you have an idea of what migbt be e healthy eqnilibrinm level for the dollar?**

No, we have never stated thet. But we do know it is some place down from where it is now. And we also know that we are going to have massive trade deficits this year, as a result of the strong dollar end our inability to compete with some of the other nations. Of course that has good and bad characteristics. It is bad for us, but good for the rest of the world, end particularly for our major trading partners, of whicb the European Community is the largest.

**In view of the comparativa advantage they enjoy when the dollar is strong, do you think your trading partners would actually welcome the dollar weakening, say by 10 per cent or more from its present level? Some peopla claim for instance that the Japanese and Germans are deliberately keeping their currencies undervalued.**

I don't think many countries would *object* to *10 per cent*—that's about Y220 or DM 2.2 to the dollar—I don't think they would object to that at all. We have never seen any evidence of some hidden hand in Japan, say, guiding the currencies—it is the marketplace doing it. If our interest rates were to go down and lead to a weaker dollar, I don't think many nations would be unhappy, as long *as* the fall was over a period of time and not too precipitous.

**How willing are you going to be to talk about exchange rates and their stabilisation at the forthcoming Williamsburg summit?**

I suspect there will be several discussions even before the summit, when the finance ministers meet here in Washington for the World Bank Development Committee in April and at the OECD in May. We are more than just willing to discuss it.

Remember that we were the ones who suggested the necessity of economic policy convergence and in fact most nations are converging now towards disinflationary policies while also trying to be more stimulative and help with unemployment. We were also the ones who proposed the intervention study at the last summit to see if this could do any good. This study should be presented to the finance ministers soon and we will then release it to tbe public after discussing it. These ere all topics which can be further refined at Williamsburg.

There could be discussions, for example, on having international currency movements limited or somehow less volatile. There are many theories as to how this could be done—bands, fixed rates, a super snake, gold weighting—any number of ways are being suggested for this, and I wouldn't preclude any of them from discussion. I don't know where this would all lead us but it would certainly be worth talking about.

**All this recalls your suggestion last fall for a grand review of the whole international financial and trading system—an update of the 1944 Bretton Woods conference was what you suggested. This idea inspired lots of enthusiasm in Europe but never seemed to be followed up.**

No, you're very wrong. There has been follow-up. The entire reason I made the suggestion was to start a dialogue and this has gone on in conferences, academic papers and meetings. I personally have been quietly exploring and evaluating what economists, politicians and others are saying to see if it could be done without going off half cock. Now the time may be getting closer for such an event, end certainly the rhetoric will start up again as we emerge from this worldwide recession. In o recession most nations concentrate on their domestic problems, but now as the recovery begins and also with elections over in many of the key countries, including Japan, Germany and France, there will be more opportunity to think *about the international implications* of what we are doing.

The conversations at the summit could certainly produce movements along this line but I very much doubt that a major initiative would come out of Williamsburg directly. However the heads of government could, for instance, decide that their finance ministers should devote more attention in future to the stability of currencies.

**But when you talk of "policy convergence" it implies more than just currency stability. You mentioned the need for stimulative economic policies to combat unemployment. Do you think other countries have done enough on this or are they relying on the U.S. which is now pulling more rapidly out of recession, to act as a world economic locomotive?**

We have been very stimulative here and I think others have to some degree. Instead of just one locomotive, I would rather think of a team of horses pulling the world economy out of a rut. Without wanting to make any explicit suggestions to other governments, I think some of the other nations will come in behind the U.S. and link into the harness.

**Finally, you have *recently* said that you are somewhat less worried about the international banking crisis. Do you see any reason for a new, more concerted approach to the restructuring of developing country debts?**

I emphatically do not. I do not believe in any of the ideas which have been surfacing, some here and some in Britain, for some kind of international reserve bank, or anything of that nature. The IMF, the Bank for International Settlements and other mechanisms already in place can handle tha situation. I will give you a historical illustration. Do you know that the U.S. never paid back any international debt from 1340 until the period of World War One? We were a debtor developing nation and each year we continued to borrow more abroad. We got into trouble at times, we had some panic, but our creditors stayed with us and our wealth gradually increased until we could repay the debts. I think many of these developing nations will eventually achieve the same thing.

# Men & Matters

## History men

British businessmen, their lives and works, dreams and ambitions, power and avarice—all are obout to be chronicled in a major publishing venture by the Business History Unit at the London School of Economics.

But this celebration of the top 1,000 UK business figures of the last 100 years will not be printed in the country where they made their fortunes. Faced, when it looked for printers eight months ago, by lower costs and superior technology across the Atlantic, LSE plumped for a Chicago firm, Gale Research.

U.S. costs were three-fifths lower than in Britain. And while UK publishers proposed a run of 1,000, Gale was prepared to guarantee a minimum printing of 2,000 and even more for each of the five volumes.

Professor Leslie Hannah, director nf the unit, stood by the decision of Dr David Jeremy, editor of tha Dictionary of Business Biography, to take the $500,000 (£345,000) venture to the U.S. "If any British publisher could do the job, we would be delighted to go to them." Publishing, he said ruefully, "is still too much the preserve of gentlemen amateurs."

The first of the $50 volumes, due out near the end of this year, will include articles on textile magnate and arts patron Samuel Courtauld, ironmaster Isaac Lowthian Bell, and estate agent John Clutton.

Later, and likely to increase the anguish of the bypassed UK publishers, LSE intends to maka its project international, with 30 volumes or more. The Japanese are especially keen.

"Mark my words—they'll be hringing in robots to wash us while we work next"

## Picture cards

President Ronald Reagan has revealed two of the tricks of the trade learned in his Hollywood days, although one assumes that he does not need to practice them now.

Congratulating the winners of the White House News Photographers Association contest yesterday, he described an actor who would always make e loud noise just as a group picture was being taken. The others would all look at him with startled expressions, while be would be smiling, with all the attention focused on him.

Another actor, Reagan said, would always move to the left of the photograpb when a picture was being taken. Asked why he did it, the actor replied: "The caption always reads from left to right."

## Watt goes

Devid Watt is leaving Chatham House where he has been director of the Royel Institute of International Affairs for the past five years.

"That's probahly long enough," ba says—but Watt has also been finding that the task of raising around £400,000 a year to keep the Institute running bas been leaving little time for anything else.

Just over a quarter of the Institute's income comes from investments and endowments. The rest has to be collected by persuading business, charitable foundations, and others to support its work. "During the recession, that has been a major operation," Watt says.

Govarnment aid to Chatham House was cut off on the grounds that independent research institutions should be independent. "Bnt I fear for their long term prospects unless Government and business take a more enlightened view of their activities." Watt tells me.

A former FT political editor and member of the Fisher Committee on self-regulation at Lloyd's, Watt has no immediate plans beyond returning to tha writing be has bad to lay aside.

Apart from a little more journalism in addition to his column in The Times, that includes finishing a book on the end of the British Empire and starting another on the post-war American "empire."

## China salesman

Just how far China has emarged from the repression of the "Cultural Revolution" is evident in Peking where American playwright Arthur Miller is now rehearsing the People'a Art Theatre in a Chinese version of his "Death of a Salesman."

Miller was approached about the project in 1980. "I thought it was impossible," he says. "There was a whole illusion that we were so far apart culturally that it would take me forever to make things comprehensible."

But one of China's leading actor-directors Ying Ruocheng produced a Chinese translation of tha play within two months. A far better translation than either the French or the German, says Miller. It maintains the rhythms of the play so skilfully that, without understanding a word of Chinese, be is able to follow the dialogue with ease.

And though the language may be different, Miller enthuses "underneath we're talking tha same lingo."

Chinese audiences, he thinks, will identify with the play's characters and its dilemma. "The play deals with the qnestion of the contemporary man's inability to find some meaning in his existence and that's true of Sweden, Italy, England, the U.S. and I think it's probably true bere."

Ying, who is to play the central character, Willy Loman, says that the theatre considered other Miller works—"All My Sons" because of its simple message about war profiteering; and "The Crucible" because it is "so close to tha Gang of Four."

But "Death of a Salesman" was chosen because it was considered the best and most typical of Miller's plays.

Both Miller and Ying reject suggestions that it might be used for anti-U.S. propaganda. Ying is concerned merely to put on e good show. "I don't helieve in direct messages. We've had too much of that in the past."

## Precisely

A reader returned to her Bayswater hotel from a shopping expedition and realised she had forgotten her room number. "I'm afraid I have a terrible memory," she said to the receptionist. "Can you tell me which room I am in?"

The girl smiled sweetly: "This is the foyer, madam."

***Observer***



هكذا صدر الأصل

ZIMBABWE

# The malaise behind the violence

By Michael Holman in Harare

JOSHUA NKOMO
Fled to London

ROBERT MUGABE
Weekend ultimatum

THROUGHOUT the turbulent years of African nationalism in what was Rhodesia the slogan of the black political leaders was "one man, one vote." Yet in independent Zimbabwe, which next month celebrates its third anniversary, registration for the new electoral roll is so slow that only a fraction of a potential 3.5m voters have so far signed on.

This indifference to a right fought for in a seven-year guerrilla war is one symptom of a profound malaise which has surfaced over the past 12 months. Across a wide range of opinion there is doubt and uncertainty about the country's direction.

The most critical development is the steady deterioration in relations between the ruling Zanu party of Prime Minister Robert Mugabe, and Zapu, the party led by Mr Joshua Nkomo, who earlier this month fled, in effect into exile, in London. That polarisation threatens to leave Zimbabwe today as two nations: one fifth the Ndebele speaking south, represented by Zapu, and the rest the Shona-speaking majority loyal to Zanu.

Recent events in the Zapu stronghold of Matabeleland have made the differences irreconcilable, at least in the short term. Hundreds of civilians have been killed or terrorised in the clash between bandits and agents provocateurs, armed dissidents professing loyalty to Mr Nkomo, and units of the national army sent to suppress them.

Mr Mugabe and his Ministers have strenuously denied charges of brutality levelled against their troops, but a powerful statement yesterday by the Roman Catholic bishops directly accused army units of responsibility, while acknowledging that the dissidents had themselves killed innocent people.

Leading members of Zapu have been seeking to promote an accommodation with the ruling party, but there is no sign that the Government is prepared to offer an olive branch, as long as dissident activity continues. Mr Mugabe's weekend ultimatum to Zapu—to bring peace to Matabeleland or be banned—is one the party cannot meet. All the available evidence suggests that it has little or no direct influence over the gunmen.

Thus the bitter dispute is gradually turning a Government which began so successfully on a note of reconciliation into an administration which is often blatantly authoritarian.

A party which won 57 of the 80 black seats in the 1980 independence elections need not feel insecure about its popular support. Yet Zanu seems determined to extend its power, making the party card a test of loyalty to the state, and a requirement for most offices.

Boards of state-owned companies and statutory authorities are becoming dominated by party supporters, some of whom are clearly ill-suited to their posts.

On the security front the Government continues to renew at six-monthly intervals the draconian emergency powers inherited from Mr Ian Smith, the former Prime Minister, and shows no hesitation in using them.

A lawyer who has handled civil rights cases for years says "People are afraid—of detention without trial, of victimisation. In the past they felt they could appeal to the international community in the last resort. Today they feel that most governments prefer to look the other way."

There is a gradual shift in the composition of the army towards ex-members of Zanla, Mr Mugabe's former guerrilla army, at the expense of Mr Nkomo's former Zipra guerrillas and Mr Smith's regular soldiers. The all-Zanla Fifth Brigade already faces widespread allegations of atrocities in Matabeleland, and now a similar Sixth Brigade is under training.

The authoritarian attitude of Zanu is also revealed in the new Labour Relations Bill, the most important piece of legislation since independence. Among the vast powers placed in the hands of the Minister of Labour is one provision which would satisfy his South African counterpart: it gives authority for him to control the "supply of labour of any class or category of person in any particular area." It also limits trade union powers as vigorously as Mr Smith's Industrial Conciliation Act which it is designed to replace.

The local media—rebuked by the Catholic bishops in their Easter pastoral letter for failing to report on events in Matabeleland—is generally uncritical in its coverage of government activities. Moreover, there is little public debate about government policy. Yet the gap between Zanu's professed socialist principles and daily practice is widening.

The business sector, however, derives no comfort from this, for at a time of sharp economic downturn, affairs are often handled in a muddled fashion, suggesting not a pragmatic approach to complex matters but an ad hoc response to problems as they arise.

GDP growth last year was probably around 3 per cent, below the rate of population increase. This year it is likely to be negative, down 2-3 per cent.

The Zanu election manifesto made much of state and communal farms as the answer to the country's seriously overcrowded communal lands. But most of the resettlement to date has been on the basis of individual tenure.

That is not to say that the Government fails to encourage co-operatives—but much of the progress has been made on projects supported by Mr Nkomo's party, and because of the Zapu line these have aroused official suspicion.

One of the dangers for the Government is that Zapu could well take advantage of the deteriorating economic situation. So far, however, it has been reluctant to break finally with Mr Mugabe, and five Zapu Ministers remain in the Government.

But there is a growing movement within Zapu to present the party as the "real socialists"—although it contains within it views ranging from Marxist to capitalist.

Zanu's hostility towards Zapu is reinforced by a belief among many Zanu officials that Mr Nkomo and his followers are not to be trusted.

This suspicion goes back to the secret meetings between Mr Nkomo and Mr Smith during the guerrilla war. Zanu firmly believes that had Mr Smith then accepted majority rule the two men would have done a deal excluding Mr Mugabe.

Zanu believes that Mr Nkomo is as ambitious as ever and is determined, by hook or by crook, to lead Zimbabwe. This is why the discovery of arms caches on Zapu property early last year created such a stir. It came at a time when Mr Mugabe was calling for a one-party state and there are those who argue that the discovery—providing grounds for proscribing Zapu—was not coincidental.

The incident led to the sacking of Mr Nkomo from the Cabinet. Seven Zapu officials, including Dumiso Dabengwa, the party's former intelligence chief, and Lookout Musuka, ex-commander of its guerrilla army, now face charges of illegal possession of arms.

Relations between the parties have steadily deteriorated, culminating in the wave of killings and robberies in Matabeleland. It is difficult to be certain just who is responsible: Zipra deserters from the national army; Bandits living off the land; agents provocateurs whom the Government alleges have been infiltrated by South Africa; or even ill-disciplined members of the national army.

One Shona businessman, who received a first-hand account of conditions in Matabeleland from a local friend, said he could hardly sleep that night.

But the attitude of many Shonas is far less sympathetic. People in Zanu rural strongholds talk about "bruising" Zapu, or "eliminating" the party.

Despite such hostility, the leaders of Zapu (in Mr Nkomo's absence) see little choice but to seek a union with Mr Mugabe's party.

They privately acknowledge that given Zimbabwe's tribal arithmetic, Zapu is unlikely to win the next election. Unity, they believe, could at least ensure that the party gets a better share of government, diplomatic, civil service and other posts.

But Mr Mugabe has so far refused to meet them. Some Zapu officials claim the Zanu leadership is divided, with members of the Zezuru tribal grouping—which includes Mr Mugabe himself—particularly hostile to Zapu, while the Karange group is more conciliatory.

Even if a unity pact were reached, this would not guarantee peace in Matabeleland. Many young men there—including former Nkomo guerrillas demobbed from the national army—seem to consider the old political leaders irrelevant to their problems.

The young men have no clear political platform to offer—any thought of secession is unrealistic—but they can ensure that the province remains troubled.

Dissident violence is therefore expected to continue—and could be extended to new targets, the most vulnerable of which is the vital railway carrying copper from Zambia and Zaire to South Africa and Zimbabwean coal for local industry.

## Social Affairs

# Equal pay: the battle still to come

By Ian Hargreaves

HAVE BRITAIN'S women reached the end of the road on equal pay?

Given recent fulminations between the Government and the Equal Opportunities Commission on the shape of the proposed next phase of equal pay legislation, the question is of more than academic interest.

Important for the same reason is a so far unapproved and unpublished piece of research on the subject carried out for the EOC by researchers from the London School of Economics, which raises issues the commission cannot duck.

These issues rest upon two questions: did the Equal Pay Act of 1971 succeed in narrowing pay inequalities between men and women and, if it was successful, does that fortify the EOC's case for more ambitious legislation?

On the first question, those who argued at the time of its enactment that the Equal Pay Act would either fail to reduce pay inequalities or that if it did succeed, it would simply prevent women from getting jobs as they priced themselves out of the market, will find nothing to support their prejudices in the LSE study.

As the chart shows, female hourly earnings as a proportion of men's rose rather dramatically in the four year run-in period of the Act. The extra surge from 1975 to 1977 was caused by pay policy and has not been consolidated.

In spite of this, total hours worked by women as a percentage of those worked by men rose during the 1970s, from 44 to 54 per cent. This may, to a degree, be explained by growth in the supply of part-time jobs, in which women predominate, and by the fact that women's work is heavily concentrated in the services sector, which has suffered less from the recession than manufacturing.

The researchers' unequivocal conclusion is that the change in relative earnings can only be explained by one thing: the Equal Pay Act.

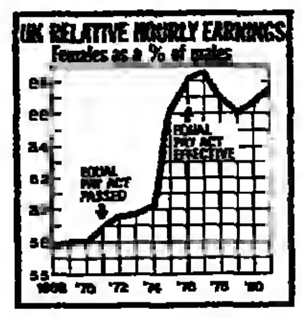
This, on the face of it, looks like a shot in the arm for the EOC as it tries to drag the Government, kicking and screaming, to fall in line with the spirit as well as the letter of the EEC's directive on equal pay.

The directive requires that domestic equal pay laws offer women not only the same pay for the same job, as does the present British law, but that it allows women to claim equal pay for work of equal value. So, a cleaner, or a cook, say, in an industrial or commercial organisation, would be able to claim equality of pay, perhaps, with an assembly line worker or a maintenance worker.

The EOC badly wants to take this next step, since it has been obvious for some time—the curve in the graph confirms it—that the 1971 Equal Pay Act is a busted flush so far as women are concerned. Between 1976 and 1981, the number of applications made to tribunals under the Act fell from 1,742 to 54.

But, in the context of the commission's campaign, the LSE study contains a sting in the tail.

This comes in the most




original part of the research which attempts to measure the degree of male-female pay discrimination, while allowing for the fact that the market is bound to make a distinction between people, whatever their sex, on the grounds of education and work experience.

In theory, under present social circumstances, the average woman can never expect to achieve 100 per cent of male pay, since women have lower attainments in education and training—which may be a function of discrimination, but that is another story—and because of childbearing, which reduces the time women spend in the workforce, while their years at home depreciate their skills and experience. Women are, in short, a worse buy than men. The question is, how much worse a buy? Having reached about 66 per cent of male earnings, how much further can they expect to go purely as a result of the elimination of baseless discrimination?

According to the LSE model, in 1975, when women earned 62 per cent of the male average, the potential figure, allowing for women's less marketable experience, was only 67 per cent. So, the discrimination gap is quite small. Even if it could be eliminated entirely, women's wages would still be at least 30 per cent lower than men's.

If you accept the LSE model and the mathematics, this conclusion can be read two ways. You can argue that tighter legislation, vigorously enforced, would bridge the final discrimination gap or you could reason that with a gap so small, no blunt legislative tool is likely to be of much use.

Certainly the apparatus of the new EEC-style law, especially in the Government's version, but even perhaps in the simpler and tougher blueprint drawn up by the commission, looks cumbersome and fraught with practical difficulties.

But it is not easy to make a judgment on this in the abstract. What it is possible to conclude from the LSE study is that, in spite of their progress towards educational equality with men—girls get more than half the O-level passes in Britain each year, although they slip back further up the educational ladder—women cannot achieve broad equality in working life so long as they are either obliged or willing to be society's primary child rearers.

This fundamental fact suggests, in turn, that trade union campaigns against the segregation of women into low-paid "women's jobs" are well-intentioned but misplaced. They attack symptoms, not causes. More and better mid-life training for women would help, as would more and better child care provision. But real progress must, ultimately, depend upon the slow revolution of attitudes towards child-rearing within male-female relationships.

* Have Women in Britain benefited from equal pay? A Zabalza and Z Tzannatos. London School of Economics for the Equal Opportunities Commission. Unpublished.

# Letters to the Editor

## Simulations of Labour's economic plans

*From Mr M. Crawford*

Sir,—Is Mr Jack Straw, Labour economic spokesman (March 18), not being a little too defensive over the London Business School's appraisal of Labour's economic plans? After all, the LBS simulation, on one of its two scenarios, showed the (slightly scaled-down) Labour proposals as rather successful. This was the scenario which combined Labour's fiscal and monetary expansionism with a tough incomes policy. Mr Straw does not mention this scenario, or its result, for reasons upon which we outsiders can only speculate.

With regard to the other, rather disastrous scenario, some of Mr Straw's points are well taken, but he is wrong to allege that a tendency for conclusions to be built into the interstices of an economic model, via the assumptions fed into it, is a peculiar characteristic of the LBS model. It is true of all models embodying feedback systems, which means effectively all macroeconomic models. Were this not the case, every economist might as well use the same model.

This is not only the result of structural differences, as Straw implies. Different adjustment lags can also produce markedly different simulation results, at least over the time frames with which politicians are concerned. Straw may be right in attributing to structural differences the "Catch 22" whereby, according to the LBS model, there can be no competitive advantage from devaluation in the long run; but it depends what you mean by the long run—the Treasury model gives this result too, as near as makes no difference, about seven years after a devaluation. The LBS model says it happens more than twice as fast.

In my view, a number of the response rates in the LBS model are too rapid. Although the Treasury forecasters have had a better track record in predicting the real economy (especially gross domestic product) in recent years, they have underestimated the extent to which the high exchange rate of 1980 and early 1981 would bring inflation down. Doubtless this occurred for technical (simultaneous equation bias?) rather than ideological reasons, but either way it indicates a flaw. None of this is meant to argue that economic models should be disregarded or discarded, for they have the important merit that they provide a discipline which helps to avoid a situation whereby any fool's opinion is as valid as anyone else's.

Nevertheless, one should resist the temptation to regard one's favourite model as the Oracle of Delphi. When considering policy proposals one should really evaluate them in the light of at least two or three models, applying an understanding of the models' respective properties.

*Malcolm Crawford,*
Business International.
*Bonda House,*
*Cambridge Grove, W6.*

## Advanced combat aircraft

*From the General Secretary, Aerospace Association*

Sir, — For the past 10 years professional engineers in British Aerospace have been working on design studies for the next generation of tactical combat aircraft for the Royal Air Force. This effort has culminated at Warton in the P110/advanced combat aircraft. As with any item of advanced technology developed in the face of intense competition, both economic and military, this programme must be pressed forward to maintain its competitive edge. Continued procrastination on the part of the Government will result in an obsolescent product incapable of matching the contemporary threat and unviable in world export markets. The aircraft has only been pushed to its current advanced state by an industry-wide initiative. That it is now receiving some measure of Government support in the form of the proposed tri-national demonstrator aircraft programme is indeed welcome. Nevertheless, it is not enough.

Professional engineers are gravely concerned that the lack of a firm commitment to the necessary pace of development for this programme on the part of the Government will have long-term deletrious effects on the aerospace industry and hence on the British economy. The prosecution of this project to full production status is necessary to maintain the design, testing and production work forces in key segments of industry throughout the country. This is a very urgent problem.

There is, however, a longer term problem. Neither Government nor industry research and development facilities, can remain viable without the maintenance of this workforce to turn R and D output into successful hardware. We can therefore anticipate a renewed "brain drain," similar to that of the mid-60s, resulting in a major loss of professional personnel from the UK. In addition to the loss of experienced manpower, there will naturally be a decline in graduate recruitment which can only serve as a further disincentive to graduate careers in industry and student entry into engineering courses at the very time when the Government is supposed to be promoting industrial regeneration.

This industrial recovery is being relied upon to provide an export-led revitalisation of the national economy. British exports, however, depend crucially on a high value added content in manufactured goods. We are thus reliant on high technology exports. In the field of aviation, exports on an adequate scale can be maintained only by retaining a total system expertise in industry. Significant exports of engines, avionics or weapons can only survive with the support of major airframe and integrated weapon system developments. Furthermore, it is almost impossible to export complex weapon systems without the accolade of a prior home purchase. It is therefore essential that the Government supports export efforts by requisition policies which take more account of overseas sale stimulation. Such an approach should indeed be beneficial to our own defence budget by creating more economic products.

This last point returns us to what must be our prime aim, namely the provision of the right weapon systems for our own forces. From the RAF perspective, a product will, quite rightly, be rejected if it does not meet its needs.

Professional expertise must receive Government backing, and be matched by equally professional support from the Government agencies. Changes will be welcomed if they permit crucial decisions to be made quickly and professionally. Only in that way can Britain retain the economic benefits of the aerospace industry and continue to obtain weapon systems suited to the needs of her armed forces.

Peter Fairley
*Station House*
*Fox Lane North*
*Chertsey, Surrey*

## Make-up of a think tank

*From the Director of Studies, Centre for Policy Studies*

Sir,—Your report on our publication, "The Right to Strike in a Free Society" (March 24), notes, correctly, the substantial differences between the publication as it finally appeared and the draft leaked to the Morning Star a fortnight ago by a disloyal civil servant in the Department of Employment. This should surprise no-one. The whole purpose of circulating drafts is to elicit comment, with a view to embodying it. But by the same token this is an equally cogent reason for maintaining confidentiality of drafts until the final form is agreed. Hence the more's the pity that the public should have been misled by presentation of an earlier partial draft as a "confidential memorandum" submitted to the Government. One might expect nothing better from the Morning Star. One might have expected that other newspapers should have followed your excellent example in contacting us at the time to ascertain the facts rather than repeating Morning Star fantasies. The incident occurred, alas, because a new member of staff had not been informed of our practice never to send confidential material to our interlocutors at a ministry, but always to a more secure address, since one can no longer count on civil servants honouring confidentiality.

May I react, too, to your description of us as a "right wing Tory party think tank." "Right wing" means anything you wish it to, often quite contradictory things at that. But we are not, and never have been, part of the Tory Party; that is a fact. The term "think tank" implies constraints which would not be accepted by free spirits like ours. We were established outside the framework of the Party, when Mr Edward Heath was leader. We never subsequently moved into it. Our study-group, and former members and other collaborators are by no means all Conservatives; some are even members of other parties. We receive neither money nor instructions from the Party and give none, though they are always most welcome to the fruits of our work; but then, so are you and the wider British public.

Alfred Sherman.
*8, Wilfred Street, SW1.*

# FINANCIAL TIMES

Wednesday March 30 1983



BRITISH JUDGES ORDER NEW INQUEST

## Calvi suicide verdict overturned

BY RAYMOND HUGHES AND ALAN FRIEDMAN IN LONDON

THREE High Court judges yesterday quashed a London inquest jury's suicide verdict on Sig Roberto Calvi, the former President of the Banco Ambrosiano. The court ordered a new inquest to be conducted, by a different coroner.

Sig Calvi, known as "God's banker" because of his close links with *the Vatican bank, was found hanging* from scaffolding under Blackfriars Bridge in London last June. His family believe he was murdered.

The London inquest decision comes during a week in which several complex legal actions are moving ahead against the successor to Banco Ambrosiano SpA – the Milano-based Nuovo Banco Ambrosiano.

These actions include:

● More than 80 writs being served on Nuovo Ambrosiano by Midland Bank, National Westminster Bank *and other creditors of the now-defunct* Banco Ambrosiano Holding (BAH) subsidiary in Luxembourg to recover around $300m in syndicated loans provided to BAH.

● An appeal to be filed in the Milan bankruptcy court by the same creditors within the next fortnight which follows the rjection on Monday of a similar claim, filed with the liquidiators of Banco Ambrosiano SpA.

● A claim filed with the liquidators by Chase Manhattan Bank, Manu*facturers* Hanover Trust, Landesbank Stuttgart as creditors of the Lima-based Ambrosiano Andino subsidiary to recover less than $50m of loans to Andino which were guaranteed by BAH.

It is also considered possible that *Italian banks and other creditors of* the Ambrosiano group in Italy could soon start proceedings to recover more than $100m of direct loans. The Midland-led legal action, Andino claim and possible direct loan claims could bring the total claims to around $500m.

The London High Court upheld complaints by Sig Calvi's widow, son and daughter that the manner in which the inquest was conducted by the coroner, Dr David Paul, made the jury's verdict last July unsafe and unsatisfactory.

*The judges were particularly* critical of the coroners directions to the jury on open verdicts, which he described as "a super open door to scuttle through if you are in any difficulty about another verdict."

That, said the Lord Chief Justice, Lord Lane, was a plain suggestion that an open verdict was the verdict of a cowardly jury and had little other merit.

"There is nothing cowardly or scuttling about an open verdict and it is very unfortunate that that phrase was used by the coroner," Lord Lane said

He also criticised the fact that the inquest lasted 12 hours in a single day. The hearing should have been stopped earlier and resumed the next day, he said.

The *coroner, was also held* to have failed to observe the rules on the submission of written evidence.

Lord Lane said it was not clear why Sig Calvi had left Italy and come to England. It seemed that he had been frightened for his safety, and that his fears had not abated when he was in London.

It was clear that he had either destroyed himself or someone else had killed him – and each possibility had its unlikely aspects, said Lord Lane.

If Sig Calvi had been intent on *killing himself, why should he go* at night, four-and-a-balf miles from his flat in Chelsea, to "almost invisible" scaffolding below Blackfriars Bridge, to use a rope that was seemingly there only by chance, in order to kill himself?

"There were plainly quicker, more convenient and less chancy methods available if he was bent on self-destruction," Lord Lane observed.

But on the other hand, there were no signs of any violence other than that caused by the rope. The jury had bad to consider, if it was not self-destruction, how Sig Calvi had been manoeuvred in such a way as to make it appear that it was self-destruction.

It bad not been an easy case, said *Lord Lane. The jury had been entitled* to all the help they could get from the coroner.

**John Phillips adds from Rome:** A team of Italian forensic medicine experts has concluded that Sig Calvi "probably" committed suicide.

In a report presented to the Office of the Public Prosecutor in Milan, the team of three experts gave the cause of Sig Calvi's death as "mechanical asphyxiation due to extraneous constriction of the neck."

It remains to be seen, however, *whether the result of this second* autopsy will lead the Italian investigators, wbo are still conducting their own inquiry into the death, to close the case.

The Italian press and public opinion bas always been convinced that Sig Calvi was murdered, either on the orders of the secret masonic lodge P2, of which Sig Calvi was allegedly a member, or by the Mafia.

## Spain discovers two new Rumasa banks

BY DAVID WHITE IN MADRID

THE SPANISH authorities have establisbed that two banks in Barcelona and Oviedo were secretly acquired by the *Rumasa holding* group in 1981 and 1982. These are in addition to the 18 banks officially recognised as subsidiaries and included in last month's Government decree expropriating Rumasa's interests.

*Investigations* made since the expropriation have revealed that Rumasa had a majority shareholding in Banco de Expansioo Industrial and 100 per cent control of Banca Masaveu. The two banks have between them deposits of more than $100m *and assets* of $155m.

The banks form part of the underground network of interests known as "Rumasa B." This was built up, according to Informed sources, within the last two and a half years, while the holding group was already under scrutiny by the Bank of Spain.

Because of the short time-lapse, however, the two new banks had not yet undergone the same transformation in their business as other Rumasa banking acquisitions, which had their investments and *loans largely concentrated* in companies belonging to the group.

Bank of Spain supervisors were sent into the two banks shortly after the expropriation measure, to look into their alleged links with Rumasa.

*The authorities are now* satisfied that Rumasa was behind share transactions at Banco de Expansion Industrial in 1981 and Banca Masaveu in Jone last year. The purchases were made by middle-men said to be acting on direct Instructions from Sr Jose Maria Ruiz-*Mateos, Rumasa's founder and ex*chairman.

At the same time, it is believed that Sr Ruiz-Mateos was planning to buy important packets of shares in larger Spanish banks.

The sum paid for control of Ban*ca Masaveu, a traditional local* bank dating back more than 140 years, is understood to have been Pta 1.5bn ($11m).

There is at present no question of illegality in the transactions themselves, in whicb the key role is al*leged to have been* played by a Catalan businessman. But serious legal questions do arise if it is proved that the acquisitions, which did not figure in the group's declared assets, were financed from clients' deposits rather than from private funds.

*Special* prosecutors *investigating* the Rumasa affair are meanwhile studying capital movements relating to the London unit Multinvest (UK) in the light of Spanish exchange regulations.

This unit, owned by a Curaçao-based company, *Multinvest NV*, controls a number of Rumasa group interests in Britain, including the Augustus Barnett wine stores

The Spanisb authorities last week obtained a High Court order to prevent destruction of documents at *Multinvest. According to Rumasa's new management*, several dozen undeclared subsidiaries of Rumasa have been discovered in the UK.

## DC-9 lease package will cost $700m

By Our New York Staff

THE PLAN by McDoonell Douglas to lease 35 DC-9 Super 80 jets to two airlines will require an Initial investment of about $700m, the U.S. aerospace company has revealed.

*The 35 jets will be leased* to American Airlines and Trans World Airlines under an innovative package of short-term leases agreed last year. Their manufacture will enable McDonnell Douglas to keep the DC-9 production line of its Douglas Aircraft division running through 1984.

In its annual report McDonnell Douglas says it expects suppliers to provide up to a quarter of the $700m investment cost and adds that "various options for funding part or all *of the remainder are under consideration.*"

The leasing deal has been the subject of some controversy and the company admits that it could have a "negative impact" on earnings in the next few years if McDonnell carries most of the *leases*.

"It also involves risk," the company adds. "There exists the possibility the aircraft involved could be returned at a time when they might not be easily sold or released to uther airlines." But McDonnell Douglas adds "we believe this risk is outweighed by the opportunities our strategy opens to us."

The company, which reported net earnings of $214.7m last year compared with $176.6m in 1981, also revealed in the annual report that it had more than $250m in marketable securities at the end of the year and was maintaining $550m in onused credit lines with 16 banks.

## BAe makes £100m provision as civil sales stagnate

BY LYNTON McCLAIN IN LONDON

BRITISH AEROSPACE yesterday reported an "exceptional provision" of £100m ($145m) to cover the impact of adverse market conditions on sales of its civil airliners and Airbus Industrie projects in which it has a 20 per cent sbare. The result was a £15.3m pre-tax loss against pre-tax profits of £70.6m in 1981.

Without the exceptional item last year, the state-owned group would have shown a 20 per cent increase in its pre-tax profits to £84.7m.

The £100m provision was a matter of "financial prudence" in view of the depressed state of the world civil aircraft market, Sir Austin Pearce, chairman, said yesterday following the preliminary announcement of results for 1982. He *admitted the company had* "a problem with its civil aircraft."

These aircraft include the BAe 146 feeder airliner. This has just completed an overseas sales tour and has 17 firm orders and 19 options from airlines. This compares with the "reasonable prospect" BAe claims it has of winning orders for about 400 aircraft of this type by 1995, when the company will have spent between £300m and £350m on "launching costs."

Other civil aircraft include the 748 turbo-prop, which Bae is refurbishing into the "advanced turbo-prop" to win more sales; the Jetstream commuter aircraft, with 8 orders and 11 options; a remodelled version of an early aircraft of the same name and the successful 125 business jet. BAe also builds the *wings for the Airbus A300 and* A310.

These civil projects accounted for a fifth of BAe's total sales of £2.05bn last year, 24 per cent up on 1981. However, two-thirds of the company's total inventories of £950m to £1bn was accounted for by work in progress on civcil aircraft, sales of which are subject to possible delay as loss-making airlines struggle to find the money and the markets to justify their intended purchases.

Sir Austin said the $100m provision was made against the book value shown in British Aerospace's balance sheet against its airline buying inventories. But it was oot intended to be an accurate figure reflecting problems with specific projects, said Sir Austin, and was *more of a "best estimate" of the effect* of the problems in the market.

## Airbus confident of recovery

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN TOULOUSE

AIRBUS INDUSTRIE, the European airliner manufacturing group, is confident that it can survive the recession which has sharply cut order books, according to Mr Bernard Lathière, president of the group.

He said in Toulouse yesterday that with more than 150 aircraft still to be delivered, it was ensured 30 months of work. This would lead the group througb tha current difficult period.

Over 200 Airbuses of various versions bave been delivered to 34 airlines worldwide.

"Provided the airline world is able to discipline itself sufficiently to set up a coherent fares policy we are confident that, since small signs of recovery are already being witnessed, the situation of the wbole aerospace family could greatly improve within the next two years," he said.

Mr Lathière was speaking at the *handing* over to *Lufthansa* and Swissair of the first of the new, smaller 200-plus seater A-310 version of the European Airbus. The West German airline bas ordered 25 of these, with an option on another 25, while Swissair has ordered 10 with an option on another 10.

Mr Robert Staubli, president of Swissair, said his airline would convert part of its A-310 order to include four of the latest longer-range Series 300 models, now under development for delivery in 1985.

This effectively launches the long-range version of the A-310, although Airbus Industrie has been working on the new model for some time.

*Airbus Industrie is also pushing* ahead with its plan for an eventual 150-seater, called the A-320. Officials of the group said in Toulouse that discussions with a selected group of airlines were making good progress. It was hoped that by the time of the Paris International Air Show in June, it would be possible to give more positive indications of the future development plans for the A-320.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 12 | 54 | Dubrovnik | C | 16 | 61 | Malaga | S | 18 | 64 | Salzburg | [illegible] | 2 | 36 |
| Akrotiri | C | 18 | 64 | Faro | S | 18 | 64 | Malta | F | 20 | 68 | Seoul | F | 19 | 66 |
| Algiers | F | 16 | 61 | Florence | R | 13 | 55 | Manila | S | 35 | 95 | Singapore | S | 33 | 91 |
| Amsterdam | S | 7 | 45 | Frankfurt | C | 6 | 43 | Miami | C | 26 | 79 | Stockholm | C | 0 | 32 |
| Athens | S | 16 | 61 | Funchal | C | 17 | 63 | Milan | R | 8 | 46 | Strasbourg | S | 7 | 45 |
| Bahrain | S | 27 | 81 | Geneva | S | 6 | 43 | Moscow | C | 10 | 50 | Sydney | D | 25 | 77 |
| Bangkok | S | 34 | 93 | Gibraltar | S | 19 | 66 | Munich | C | 2 | 36 | Taipei | R | 20 | 68 |
| Barcelona | S | 16 | 61 | Guernsey | F | 8 | 46 | Nairobi | — | — | — | Tangier | S | 16 | 61 |
| Beirut | C | 17 | 63 | Helsinki | F | 5 | 41 | Naples | F | 12 | 54 | Tehran | — | — | — |
| Belgrade | C | 15 | 59 | H. Kong | C | 18 | 64 | New Delhi | S | 29 | 84 | Tel Aviv | D | 21 | 70 |
| Berlin | F | 6 | 43 | Innsbruck | R | 3 | 37 | New York | C | 13 | 55 | Tenerife | F | 21 | 70 |
| [illegible] | | | | | | | | | | | | | | | |

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Chrysler share issue

Continued from Page 1

share offering, less commissions, in lieu of most of the two-part share swap arrangement. Instead of receiving 36m shares the institutions could receive about $420m in cash and just 9m shares on May 6, the day after the shareholder's meeting.

Before yesterday's offering, Chrysler had about 80m shares outstanding. Chrysler shareholders are expected to approve the recapitalisation programme since it if were rejected the proceeds of the share offering would go directly to Chrysler.

The recent strength of Chrysler's stock reflects further predictions from the car company that its financial position is improving. Earlier this month, Chrysler said it expects to have an operating profit of more than $100m in the first quarter largely as a result of improved car sales in January and February. In the 1982 quarter, the company reported a pre-tax operating loss of $89m.

Last year, Chrysler reported its first full year net profit since 1977, largely as a result of the sale of its defence division to General Dynamics. At the operating level, the car company reported a full year loss of $68.9m

## Brandt upstages subdued Greens

By Jonathan Carr in Bonn

THE SHOW might have been stolen by the Greens – the newest, least predictable, members of the West German parliament. Instead, it turned out to be the veteran Willy Brandt who took most of the limelight.

The occasion was the first session yesterday of the new Bundestag (lower house) following the general election on March 6. Some people had feared (and perhaps others had hoped) that there would be a major disruption in the plenum from the Greens – the ecologists, pacifists and other radicals who thumb their noses at most tradition. Instead, Herr Brandt managed to have all parliamentarians – including the 27 Greens – on their feet in memory of the victims of Nazi dictatorship.

Speaking quietly, and with few gestures, the *Social Democratic* Party (SPD) opposition leader reminded his listeners that the Federal Republic had already existed far longer than the Third Reich – which Hitler had claimed would last a thousand years. It had also achieved more in terms of democratic stability and economic health than the founding fathers in 1949 had thought possible.

Without directly referring to the Greens – regarded by not a few established parliamentarians as interlopers – Herr Brandt said be boped the Bundestag, "with its five parties," would show the continuing vitality of Federal German democracy. The nation's problems could be better solved through diversity of argument than by blinkered dogmatism.

Herr Brandt, who will be 70 in December, made his brief address as *"Alterspräsident"* – that is, as the oldest member of the house who guides parliamentary business until a new President, or Speaker, is elected. At the end of it he drew applause – even from those members who had been snatching disapproving glances at the Green deputies, many dressed in jeans and pullovers, sitting literally in their midst.

After a long argument over seating, the Greens have managed to get places in the centre of the plenum – from which they can most easily interject questions. On their left sit the 278 deputies in the three parties which make up Chancellor Helmut Kohl's Centre-Right alliance. On their right are Herr Brandt's 193 SPD members.

Accompanied by around 250 supporters, the Green deputies had *begun their day with a march to* the government sector in Bonn to celebrate their first-ever entry to the federal parliament (with 5.6 per cent of the national vote). Police turned aside most of the marchers close to the Bundestag, where demonstrations are not allowed, and there were no incidents.

Once aside, the Greens raised several points of order to try (unsuccessfully) to alter the course of parliamentary business. They also said they would boycott Herr Kohl's re-election as Chancellor because the Government was doing too little to protect the environment and to prevent deployment of new nuclear missiles in West Germany.

None of that seemed to bother Herr *Kohl* – who initially sat, *smiling* benevolently, only a few seats away from the nearest Green.

● Herr Helmut Kohl was yesterday re-elected West German Chancellor by a clear majority. He gained 271 Bundestag votes, with 214 *against, and 1 abstention* from those MPs present and voting. He had needed at least 250 votes.

Herr Kohl, a Christian Democrat, first became Chancellor last October 1 through a parliamentary no-confidence vote against his Social Democrat predecessor, Herr Helmut Schmidt. Herr Kohl then led his Centre-Right coalition parties to victory in the general election on March 6.

## N-plant for Pakistan likely

Continued from Page 1

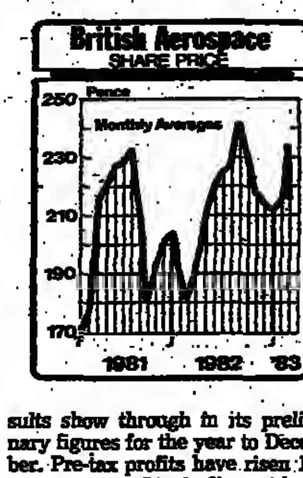
'der the Non-Proliferation Act passed during the Carter Administration, could not supply countries which refused to accept safeguards for all facilities.

"On this full-scope issue we do not have the same approach," M Cheysson declared. "Let it be noted."

News of the Pakistan talks follows hard on the agreement signed last week between France and India for the supply of enriched uranium to the Tarapur plant near Bombay. France took over the contract from the U.S.

THE LEX COLUMN

## BAe draws a line through its costs




The heavy oversubscription of the Datastream tender offer, which was covered 3½ times at the strik*ing price of 225p, says* more about the stock market than it does about the prospects for the data industry. The enthusiasm for anything wearing a growth label is apparently undimmed, while the idea that investors either cannot understand, or do not like, tender offers has suffered a serious reverse.

### British Aerospace

British Aerospace (BAe) was talking about its £100m inventory write-down yesterday as though it were a below-the-line write-off like any other. But the group and its auditors evidently had some qualms about actually reporting it as such – though they have done the next worst thing by moving it up and then removing the pre-tax line altogether – and the qualms were well-founded. Pre-tax losses of £15.3m have been left for the year to December, against profits of £70.6m, after a provision which has most emphatically not been related to any specific contract, as SSAP 8 would require. The same account*ing standard also looks for* an element of non-recurrence and even its applicability on this score must be open to doubt.

BAe has written down its civil aviation inventories to the level it believes can belp maintain respectable profits througb 1983 and 1984 despite atrocious market conditions for airline sales everywhere. While BAe's customers will presumably draw their own conclusions from yesterday's news, the vague basis of the £100m figure will complicate the task of assessing the group's profitability in the face of continuing slow sales for the Airbus and for the BAe 146.

The volatility of BAe's shares has reflected since their flotation a susceptibility to rapid changes in the investment image of the group. Military aircraft and missile profits now look set for continued growth after the Falklands conflict and BAe's satellites business is expanding quickly. But civil aircraft sales, which accounted for 20 per cent of the total last year, now seem likely to be a major and less happy influence over the shares, which closed down 21p at 216p.

### Reckitt & Colman

Reckitt & Colman has awakened to the latent strength of its brands over the past few years and the results show through in its preliminary figures for the year to December. Pre-tax profits have risen 13.1 per cent to £75m, in line with the forecast made at the interim stage, despite a £30m increase in promotional spending.

Roughly one third of the extra spending was in the U.S., where the launch costs of two household products continue to absorb almost all the profits of the food division. But Reckitt has also been more active in the UK, where brand support has lifted volume far enough to offset the squeeze on margins imposed by the major retailing chains.

The emphasis on basic businesses also shows through in the balance sheet, where a programme of disposals and rationalisation has reduced debt to almost negligible proportions. Shareholders must be crossing their fingers, however, that Reckitt does not use its new found muscle to launch another ill-judged acquisition. While profits in the current year may not do much more than keep step with UK inflation, there is plenty of potential still locked up in Reckitt's existing businesses. The shares, meanwhile, are trading on about 12½ times prospective, fully-taxed earnings at last night's price of 403p.

### Exco

The only thing shareholders in Exco have to compain about is the mountain of paper dumped through their letter boxes every few months. Yesterday's preliminary statement was accompanied by two weighty documents, one of which invited shareholders to vote on no less than six resolutions at next month's extraordinary general meeting.

The share price, which has increased more than five-fold since the offer for sale 18 months ago, finally ran out of breath yesterday, falling 45p to 700p before recovering to close at 728p. At this humble level, they trade on 49 times last year's fully-taxed earnings.

Those earnings are of course almost academic. For the record profits have risen 38 per cent to £14.7m pre-tax thanks to a higher contribution from Unitel, a £1m eight month contribution from WICO and a 15 per cent improvement in money broking, all of which offset a dull performance in the bullion operation and a medley of exceptional above the line costs.

The real excitement, however, is with Telerate which, on flotation, stands to value Exco's 49.9 per cent holding up to £300m. Telerate's earnings growth is even more impressive than Exco's and could easily continue at 50 per cent compound annually for the next few years. Having said that, however, Exco is engaged in an increasingly precarious balancing act, the success of which is dependent on the judicious shuffling of its own – and other people's paper. So far, it has been triumphant. But the temptation to use its paper almost for the sake of it must by now be very great.

### UDS

The obvious split within the board of UDS about the merits of the two rival offers for the company represents something of a hiccup for institutional investors who in other recent cases, have managed to establish a clear consensus about the destiny of ailing companies.

In the UDS tussle the institutions have been clearly divided, with the public sector pension funds backing the Bassishaw initiative and the Prudential providing support for Sir Robert Clark, the recently installed chairman who has been firmly on the side of Hanson Trust.

The task of the UDS board has been made no easier by the conspicuous parsimony of the two bidders and, even now, there is little to choose between the two offers. The tax status of particular shareholders may in many cases be the determining factor. It may be arguable, therefore, that the board should have spared itself such an embarassing division by making no recommendation at all. But, faced with two offers which would have a very different impact on the future shape of UDS, the directors have a clear custodial duty to speak their mind.



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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday March 30 1983



# Baldwin United wins loan reprieve

By William Hall in New York

BALDWIN-UNITED Corporation, the financially troubled U.S. diversified financial group, has won another week's reprieve from its bankers on a $440m loan which has fallen due.

The $440m indebtedness of Baldwin-United's Balunit subsidiary was originally incurred to purchase MGIC Investment Corporation, the biggest insurer of home mortgages in the U.S. The banks involved in the loan have agreed to extend it until April 4, in order to have an opportunity to review the nature of any qualifications that Baldwin-United's auditors may include in their report on the company's 1982 financial statements.

Baldwin-United has grown rapidly over the last 15 years from its original business as a small Cincinnati-based piano maker into a major diversified financial services organisation owning banks, insurance companies and other financial services businesses. However, it has run into financial difficulties in recent months and its bankers are now reviewing the company's future.

In a statement the company says that its earnings for the year ended December 31 1982 are expected to be "substantially less than the $125m-$130m previously estimated." It is expected that a restatement of Baldwin-United's results for the nine months to September 1982 will be required. The company has delayed filing its annual 10-K with the SEC principally due to the need to resolve certain accounting and auditing issues. It has told the SEC it expects to file its 10-K on or before April 15 and said that it expects its report to be qualified in certain respects.

The company has also disclosed more details of its short term debt. In addition to the $440m incurred with the MGIC acquisition Baldwin-United and D. H. Baldwin have another $235m in short-term borrowings of which $118m is currently on a demand basis.

Baldwin-United is discussing an extension of its $440m debt until June 30, 1983 and is seeking a similar extension with holders of its debentures and other short-term debts.

# Superfos quits German ammonia partnership

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, the Danish chemicals group, has withdrawn from its 40 per cent partnership in a West German ammonia plant which is owned together with a subsidiary of Veba, Chemische Werke Hüls AG.

The Danish company has given its share to Veba and will make a DKr 390m ($45.19m) extraordinary write-off in the 1982 balance sheet, which has not yet been made public, said Mr Joergen Trygved, managing director.

The Danish company suffered operating losses of about DKr 600m since the plant at Brunsbüttel was started in 1978. Losses there were the main factor in a group loss for 1981 of DKr 78m and an operating loss in 1982 of DKr 110m.

The 1982 losses mean that group equity capital will be written down to DKr 500m, Mr Trygved said. Equity capital peaked at DKr 1.3bn in 1980.

Last year the group passed the dividend. The decision to get out of the ammonia plant was welcomed by investors yesterday. Superfos share price recovered by 26 points to close at 176.

As part of the divestment deal, Superfos has agreed to buy ammonia from the West German plant for five years at world market prices.

Mr Trygved said that after dissolving the partnership with Veba, the group expects to make a 1983 operating profit of at least DKr 100m. It hopes to improve on this in 1984 as rationalisation measures take effect in the glass wool insulation materials, fertiliser, packaging and hydraulics divisions.

He attributed the losses in West Germany to the sharp rise in oil prices soon after the plant became operational, rising financial costs and the slump in demand for fertilisers.

"We had an asset which was not really an asset and now we've taken it off the books so that we can build up our equity capital again," he said.

# Italian retailer back to profit

By Our Rome Staff

STANDA, the Italian stores chain controlled by the Montedison group, made a profit last year for the first time since 1974. The turn in its fortunes is attributed to improved management, closure of some of its lossmaking stores and a rejuvenation of what had been its drab image.

Net profits for 1982 were L5bn ($3.45m) a dividend of L150 will be distributed to ordinary shareholders and of L180 to savings shareholders. Recovery was already under way in 1981, when Standa broke even.

Turnover rose 17 per cent to L1,825bn from L1,450bn in 1981, slightly above the average rate of inflation of about 16 per cent recorded in Italy last year.

The positive result follows a drastic shake-up of the group, which was heavily over-represented in the less prosperous part of southern Italy. About 30 stores were shut in 1981 and 2,000 of a staff of 19,000 laid off.

The Milan-based chain also decided in 1981 to sell its 50 per cent stake in the Fiorucci fashion stores for about L2bn then worth about $1.7m, to Benetton, the fast growing private Italian clothing manufacturer which has 1,700 shops in Italy and abroad.

This year, an aggressive advertising campaign, which is highly visible in the crowded Milan and Rome underground networks, has sought to attract more up-market and younger customers.

The chain, in addition, launched a new brand name, "Tanto Standa," under which it is marketing about 60 food products. It has invested heavily in key stores in shopping centres in major cities, in an attempt to lose its earlier image which company executives now admit was excessively dull.

# Expanding Telerate may raise $80m from public offer

BY WILLIAM HALL IN NEW YORK

THE NET INCOME of Telerate, the fast growing U.S. computerised financial information service, grew by 68 per cent to $6.7m in the five months ending February 28, 1983 compared with the same period of last year. Revenues grew by 55 per cent to $23.8m.

Details of the company's continued rapid growth are contained in a registration statement which the company has filed with the Securities and Exchange Commission (SEC) covering a proposed initial public offering of 4m shares, which will be accompanied by a planned quote for the company's shares on the New York Stock Exchange.

The price of the shares has not yet been fixed but analysts are talking of a price of about $20 per share, which would mean the company would raise $80m from its share offer and be valued at $880m.

The company, in which Exco International, a substantial UK money broking group, has a majority stake at present, provides dynamically updated financial market data to banks, corporations and other financial institutions through Telerate video terminals located at subscribers' offices.

The Telerate network features direct input from over 250 banks and other financial institutions.

At March 1 1983 the Telerate network served more than 3,600 subscribers in the U.S. through more than 6,800 on-live video terminals. Telerate's subscribers include all of the top 100 U.S. commercial banks and 45 of the biggest investment banking/brokerage firms. In addition there are over 2,000 terminals serving more than 1,000 subscribers in over 20 countries outside the U.S.

The company says in its prospectus that the rate of installation has risen significantly over the past three years. It says this is due in large part to the volatility of the financial markets in recent years, which has resulted in an increased demand for timely market information.

In the first five months of the company's current financial year, which ends in September, new Telerate terminals were being installed in the U.S. at an average rate of 197 per month. That compares with an average rate of 137 in 1982, 100 in 1981 and 58 a month in 1980.

# Banco di Napoli increases earnings

By Our Rome Staff

BANCO di Napoli, Italy's seventh largest bank, reports a net profit of L7bn ($4.8m) for 1982, against L5.6bn a year earlier.

The bank's balance sheet shows a total of L21,500bn. Within this, savings deposits are said to have expanded by about a fifth.

Dr Rinaldo Ossola, a former deputy governor of the Bank of Italy, quit in December after a dispute with the in-built Christian Democrat majority on the board over whether professional or political considerations should govern policymaking in the state-owned institution.

A replacement still has to be found and this week it fell to the deputy chairman, Sig Aristide Savignano, to announce the bank's fortunes in 1982.

Although a director-general, Sig Ferdinando Ventriglia, was appointed in January by Sig Giovanni Goria, the Treasury Minister, the bank is said to still clearly lack direction.

Sig Goria has indicated that he intends shortly to call a meeting of the Committee of Credit and Saving, the state body with responsibility for such appointments, and to name a new chairman himself if the squabbling political factions within the committee cannot reach agreement.

Chairmen are also still to be appointed in the Banco di Sicilia and in more than 20 smaller state-controlled banks and Casse di Risparmio.

Banco di Sicilia's net profits, meanwhile, rose to L10.4bn for 1982 from L7.1bn the previous year.

The bank said it had set aside funds for amortisation valued at L51.1bn and had placed L153.7bn in risk reserves and other funds.

Overall value of the bank's loans totalled L12,100bn at the end of 1982.

# Californian S & Ls agree to merge

BY OUR FINANCIAL STAFF

THE BOARDS of Great Western Financial Corporation and Financial Federation, both owners of California-based savings and loan associations (S & L) have approved a merger through the planned acquisition by Great Western of Financial Federation.

One of the biggest publicly held S & Ls in the U.S. Great Western, is to exchange 1.8 of its common shares for each of Financial Federation's 4.2m outstanding shares. Great Western has 27.7m shares outstanding.

Based on Great Western's closing price earlier this week of $24 a share, the deal is valued at some $180m.

The deal, however, has to be approved by the shareholders of both companies and of the regulatory authorities, as well as the receipt of favourable tax rulings and other conditions.

In 1981, a $221m bid by Great Western for Financial Federation foundered because of what Great Western considered to be unacceptable conditions imposed by the Government of the State of California.

If the latest deal does go through, it will create a company with assets totalling nearly $16bn. Great Western, parent of Great Western Savings has assets of $12.7bn and 187 offices in California, while Financial Federation, parent of United Savings and Loan Association, has assets of $3.1bn

# Massey optimistic on results

By Robert Gibbens in Montreal

MASSEY FERGUSON, the Canadian farm equipment maker, said that latest agreements with its lenders have strengthened the company's balance sheet, and "this together with the operating restructuring programme now near completion, provides the opportunity for improvement in our results as the year progresses."

With continuing cash conservation, tight asset management and a very competitive product line, it adds, "we can take advantage of the opportunities which may arise in world markets and so achieve a breakeven position."

The company said the three months ended January 31 represented an extraordinary quarter in view of the change to a new fiscal year that began on February 1 and will end on January 31, 1984. The new period will reflect the impact of new agreements with lenders which improve the long term financial position by increasing cash flow

It issued a proforma balance sheet showing the impact of the agreements had they been in effect on January 31, 1983. Compared with the actual figures for that date, Massey said, long-term debt is reduced from $1.02bn to $718m and total net worth is increased from $143m to $400m.

# U.S. bank bid extended

BY PAUL TAYLOR IN NEW YORK

BRASILINVEST SA Investimentos Participacoes e Negocios has further extended its cash tender offer through its subsidiary, Brazilinvest Overseas Bank, a Bahamian commercial bank, for all outstanding capital shares of New York's First Women's Bank at $15 a share until April 30.

The Brazilian banking company, which first launched its tender offer in November, is seeking a minimum 51 per cent stake, or 190,000 shares, under its offer.

The offer, which would provide the Brazilian banking group with a foothold in the New York banking system, values the New York bank, which was set up in 1975 as a minority bank, at about $5.588m.

The bid has been recommended by the board of First Women's bank even though it could result in the bank losing its special status. Under the minority bank rules more than 50 per cent of the stock must be owned by women, more than half the directors must be women and a significant percentage of senior management positions must be held by women.

# RCA in Arista link

BY JOHN DAVIES IN FRANKFURT

BERTELSMANN, the West German media concern, has found a solution to the problems of its troubled Arista record company in the U.S. by attracting the resources of RCA.

The powerful U.S. media group is to join Bertelsmann in sharing control of the record company, which last year lost $15m.

Bertelsmann declined to disclose financial details of the agreement or the precise shareholdings, although it said they would be roughly 50-50.

Arista for some time has sounded a sour note in the Bertelsmann empire, which ranges over book and record clubs, magazine publishing and printing.

Dr Mark Wössner, who recently took over as chief executive of Bertelsmann, said earlier this month that he wanted to orchestrate an improvement in Arista's performance with the help of a partner.

## LONDON RECENT ISSUES

### EQUITIES

| Issue price | Amount paid up | Latest Renunc. date | 1982/3 High | 1982/3 Low | Stock | Closing price | + or − | Net Div. | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 140 | F.P. | 23/4 | 145 | 132 | ✠Airship Inds | 132 | −1 | — | — | — | — |
| 118 | F.P. | 13/3 | 165 | 129 | Assoc. British Ports | 162 | | b7.0 | 1.5 | 6.8 | 16.3 |
| — | F.P. | — | 100 | 98 | Atl'tc M'trp'n U.S.0.10 | 98 | | Q8c | 0.8 | 5.5 | 32.8 |
| §74 | F.P. | 21/1 | 158 | 103 | ✠Canvermoor | 157 | | b3.64 | 2.0 | 5.8 | 16.5 |
| ‡‡ | F.P. | 15/4 | 220 | 195 | ✠Grainger Trust | 195 | −5 | u3.8 | 2.5 | 2.8 | 18.3 |
| §38 | F.P. | 8/4 | 119 | 89 | ✠H3 Elect Comps 10p | 98 | −2 | u1.12 | 3.2 | 1.6 | 22.0 |
| §£48 | F.P. | — | £56 | £55 | Perst'pAB Free S'ries B | £56 | | Q8.84% | 5.2 | 0.7 | 23.1 |
| ‖‖ | F.P. | — | 110 | 83 | ✠Sinclair (Wm.) | 85 | +2 | ‡4.26 | 1.0 | 7.3 | 20.2 |
| ‖‖ | F.P. | — | 106 | 77 | Do. Pefd | 80 | | — | — | — | — |
| 175 | F.P. | 23/3 | 303 | 253 | Superdrug Stores 10p | 285 | −5 | Hd3.5 | ⊕ | 1.9 | ⊕ |
| 120 | F.P. | — | 125 | 95 | ✠Swindon Priv Hos £1 | 95 | | — | — | — | — |
| §10 | F.P. | 11/3 | 29 | 22 | ✠Tele.Services Int 10p | 24½ | −1 | b0.2 | 3.3 | 1.1 | 39.0 |
| §72 | F.P. | 30/3 | 115 | 89 | ✠Utd. Packaging 10p | 110 | −2 | b2.5 | 3.2 | 3.3 | 11.7 |
| §150 | F.P. | 18/2 | 340 | 265 | ✠WightCollinsR-S10p | 280 | | bd2.75 | 3.3 | 1.4 | 31.2 |
| — | F.P. | 3/3 | 25 | 19 | Yorks & Lancs. W'rrnts | 19 | | — | — | — | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1982/3 High | 1982/3 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| 99.431 | £20 | 10/4 | 21⅞ | 12 | Birmingham 11½% Red. 2010 | 13¼ | +⅛ |
| ¶100 | £10 | 9/3 | 10¼ | 10⅛ | E. Worcestershire Water 7% Rd. Prf. 1990 | 10½ | −¼ |
| **3 | F.P. | 31/3 | 224p | 152p | Electro-Protective 7% Cnv. Prf. | 162p | −6 |
| 18 | £23 | 30/5 | 25½ | 24¼ | Hambros Inv. 6.17% Stpd. Deb. 2018 | 25 | |
| — | — | — | 100⅛ | 99 | Nationwide Bdg. Soc. 11¼% Bds. 19/3/84 | 100 | −⅛ |
| §97.174 | £25 | 5/5 | 30½ | 22 | Pearson (S) 15% Uns. Ln. 2007 | 29 | −¼ |
| ¶100 | F.P. | 9/6 | 109 | 101½ | Sutton Dist. Water 7% Prof. 1988 | 101½ | |

### "RIGHTS" OFFERS

| Issue price | Amount paid up | Latest Renunc. date ● | Latest Renunc. date ■ | 1982/3 High | 1982/3 Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|---|
| 230 | F.P. | 26/2 | 28/4 | 340 | 273 | AGB Research 10p | 325 | |
| 75 | Nil | 19/4 | 13/5 | 91pm | 17pm | ✠Aldcom Int. 10p | 20pm | −1 |
| ‡‡140 | F.P. | 25/3 | 15/4 | 134 | 75 | ✠Airship Inds. | 132 | −2 |
| 280 | F.P. | 25/3 | 25/4 | 410 | 323 | Applied Computer | 407 | −5 |
| 11 | Nil | — | 19/4 | 2¼pm | ¼pm | ✠Berkeley & Hay Hill Invs 10p | ¼pm | |
| 10 | Nil | — | — | 2¼pm | 1½pm | Bluemel Bros. | 2pm | −¼ |
| 155 | Nil | — | — | 40pm | 20pm | Brit. Car Auctions 10p | 37pm | −1 |
| 75 | F.P. | 7/3 | 15/3 | 105 | 85 | Dominion Int. 20p | 90 | |
| 95 | Nil | — | — | 16pm | 11pm | Ferguson Ind | 11pm | −1 |
| 385 | Nil | — | — | 150pm | 137pm | Fisons £1 | 150pm | +2 |
| 102 | Nil | 7/3 | 29/3 | 15pm | 11pm | ✠Garfunkels 10p | 15pm | +1 |
| 165 | F.P. | 11/3 | 10/6 | 185 | 164 | Geers Gross 10p | 164 | −4 |
| 90 | F.P. | 21/2 | 7/4 | 158 | 150 | Grosvenor Group | 152 | −1 |
| 30 | Nil | — | — | 15pm | 10pm | Guinness Peat | 14pm | −1 |
| 260 | Nil | — | — | 51pm | 37pm | Harris Queensway | 31pm | −7 |
| 185 | Nil | — | — | 35pm | 30pm | LASMO | 35pm | |
| 140 | F.P. | 28/3 | 3/3 | 194 | 186 | Magnet & Southerns | 186 | |
| 25 | F.P. | 18/3 | 25/4 | 29 | 23 | Mettoy | 28 | −1 |
| 27 | F.P. | 21/2 | 7/4 | 56 | 52 | Mount Charlotte 10p | 55½ | |
| A$1.60 | Nil | — | — | 57pm | 39pm | North B. Hill 50c | 39pm | −1 |
| 58 | F.P. | 5/2 | 29/4 | 75½ | 61 | Stakis 10p | 75½ | +½ |
| 400 | F.P. | 4/3 | 22/4 | 525 | 426 | Ultramar | 525 | +5 |
| 81 | F.P. | 28/3 | 6/5 | 98 | 100 | Valor | 98 | −2 |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

# Liem group buys Dutch trader for $19.5m

BY WALTER ELLIS IN AMSTERDAM

FIRST PACIFIC Investors of Indonesia is to acquire 51 per cent of Hagemeijer, the long-established Dutch trading group.

First Pacific has agreed with Hagemeijer to pay Fl 36.25 for each of the 1.46m shares it needs to complete the transaction. This puts a price of some Fl 53m ($19.5m) on the deal – Fl 2.3m above the market level suggested by last Friday's closing price on the Amsterdam Stock Exchange.

Hagemeijer is a 63-year-old Dutch trading house. In recent years it has lost something of its glitter. In the six months ended June 1982 it suffered a Fl 10m deficit but it hoped for an improvement in the six months to December.

First Pacific, part of the Liem group, is known to be interested primarily in Hagemeijer's commercial experience and trading network in the Far East. The Indonesian group, owned by the Liem family, of Chinese origin, intends to preserve the identity and operational independence of Hagemeijer, which will in future concentrate on trade and reduce its interests in industrial ventures.

Hagemeijer, with its headquarters in Amsterdam, employs a workforce of 5,000 and still has operations in Indonesia, Singapore and Brunei. Liem is one of the biggest investment and manufacturing companies in Asia, with extensive interests in textiles, shipping, cement and financial services.

● The Flemish executive, the administrative authority for the northern half of Belgium, is to inject BFr 600m ($12.8m) into Sidal, the Belgian-based aluminium subsidiary of Hoogovens, the Dutch steel group.

The transaction will give the Flemish executive 27.7 per cent of Sidal, until now a wholly owned Hoogovens subsidiary.

# French heavy engineering group ahead

By David Housego in Paris

ALSTHOM-ATLANTIQUE, the French heavy engineering and shipbuilding group, pushed up net profits last year by 19 per cent to FFr 249m ($34.4m). Total sales, of which 55 per cent were generated abroad, rose by 8 per cent to FFr 18.6bn.

The group, which is controlled by the nationalised Compagnie Générale d'Electricité, is increasing its dividend before tax credits from FFr 12 in 1981 to FFr 13.5. In June last year, the group raised its capital by 40 per cent to FFr 532.3m following a rights issue.

Alsthom, which is heavily involved in nuclear engineering and manufacturing locomotives and rolling stock, is increasingly generating sales from its overseas activities. The group picked up new orders last year worth FFr 23bn, of which 62 per cent came from exports, compared with orders of FFr 18.1bn in 1981.

# State support for RSV break-up

By Walter Ellis in Amsterdam

DUTCH MPs yesterday added their support to a Government plan for the splitting up of RDM, an important division of the failed shipbuilding group, RSV. Mr Gijs van Ardenne, the Dutch Economics Minister, wants RDM's ship repair and offshore activities closed down and has made such a closure the precondition of further state aid to remaining RDM units.

RDM's remaining activities – the only ones considered viable by the government – are naval ship construction, machine engineering and heavy plant manufacturing.

April 1 has been given as the deadline for the closure agreement.

RSV was placed in receivership last month when the company said that it could not continue in business without substantial further injections of cash by the government.

Since 1977, the Dutch state has loaned some Fl 2bn ($740m) to RSV.

# INTL. COMPANIES & FINANCE

MALAY LEADERS IN DILEMMA OVER HK EXPOSURE

## BMF loans cause growing concern

BY WONG SULONG IN KUALA LUMPUR

DISCLOSURES of the exteot of Bank Bumiputra's commitments to troubled property groups in Hoog Koog are continuing to cause concern to Malaysia's leaders. With as mucb as U.S.$300m thought to have been lent by the bank's subsidiary in tbe Colony, Bumiputra Malaysia Finance (BMF), to Carrian, Eda and to jeweller Mr Kevin Hsu, *the Government faces* an iocreasingly delicate task in coping with both the financial and political consequences.

The fact that the amount leot is more than the total paid-up capital and shareholders funds of Bank Bumiputra at the end of 1981, tbe latest year in wbich the bank's audited accounts are available, has added to the concern.

Press reports that a sum of HK$3.6m (U.S.$540,000) was transferred into a company belonging to a director of the bank and BMF, and his wife in September 1981 by Mrs Cbung Ching-Man, wife of the Eda chairman, two days before BMF extended a *U.S.$40m* loan to Eda, which is now io liquidation, has further complicated matters.

Of this loan only U.S.$4m has been repaid, and the remaining U.S.$36m is secured against Eda shares, oow virtually worthless considering Eda's massive dehts.

The dilemma facing the Malay leadership and the silence on the parts of Bank Negara, the Malaysian Central Bank and Bank Bumiputra over the issue, has to be viewed against the following factors.

Firstly Bank Bumiputra was set up by the Maloysian Government specifically to belp the economically weak, but politically dominant indigeoous Malays (Bumiputras) to compete with the country's powerful Chinese community. The fact that it has got itself so deeply involved in Hong Kong, and the prospects of suffering massive losses as a result of the property market collapse there, is regarded by many Malays as an unacceptable deviation.

Second, the three meo at the loans controversy, Tan Sri *Kamarul Ariffin (past executive* chairmao of Bank Bumiputra), Mr Lorrain Osman and Mr Hashim Shamshudin (both directors of the Bank and of BMF) are close associates of Tengku Razaleigh, the Finance Minister, who was the bank's chairman before joining the cabioet in 1976.

Tengku Razaleigh is still considered to he a challenger to Datuk Musa Hitam, the deputy prime minister and home minister and both are lobbying fiercely for next year's party elections.

Tengku Razaleigh has strenuuusly disassociated himself with the BMF's loans issue, saying he had little knowledge or control over the subsidiary's operations. Nevertheless, be has beco so closely identified with the bank in the past that the loans controversy is seen as extremely damaging to his political prospects.

Finally, the Malay leadership snd Bank Negara have to be very careful not to say or do aoything that could undermine public confidence io Rank Bumiputra, now Malaysia's *largest bank.*

The question of confidence is all the more important now that 70 per ceot of Bonk Bumiputra's equity has beeg transferred to Permodalan Nasional, the Government's investment agency.

Permodalan is being used through the launching of its unit trust scheme, to galvanise Malay capital to achieve the new economic policy goal of 30 per cent Bumiputra ownership of the country's corperate wealth.

Hence it is crucial that whatever the losses suffered by the bank as a result of its Hong Kong activities, these do not serve to erode Malay confidence in the unit trust scheme. The scheme relies on its investments in blua chip Malaysian companies, including Bank Bumiputra, to pay out attractive divideods and bonuses, in order to attract Bumiputra participants.

It is certain, however, that the Government and Bank Negara will back Bank Bumiputra to the hilt, as they cannot afford to do otherwise. A major overhaul of Bank Bumiputra's management and operations is on the cards, but again, this will be done with little publicity or rancour.

## Big Singapore banks show marginal rises

By Georgie Lee in Singapore

TWO of Singapore's "Big Four" commercial banks, Overseа-Chinese Banking Corporation (OCBC) and the United Overseas Bank (UOB), have reporied slightly improved results for 1982.

OCBC managed a marginal rise of 1.1 per cent io nel profit, after minority interests aod allocations to inner reserves, to S$122.6m (U.S.$58.7m).

It has also proposed a scrip issue of one share for every 10 held which will lift the group's issue capital to $452.9m.

Profit of the parent bank grew at a faster pace of 6.8 per cent to S$94.1m. The group has proposed a final gross dividend of 6 per ceot plus a boous divideod of 7 per ceot making a total of 18 per cent for the year.

The UOB group reported a 5.2 per cent improvement in net profit, after minority interests and allocations to inner reserves, to S$140.3m.

The pareot bank, bowever, showed a more significaot improvement in profit of *23* per cent to S$111.8m.

The UOB grpup has proposed a final gross dividend of 10 per cent, making a total of 18 per ceot for the year.

Two of UOB's subsidiaries, United Overseas Finance and Uniled Overseas Insurance, showed declines in earnings. UOF reported a 13 per cent fall in profit after tax to S$7.116m. The finance subsidiary has proposed a first and final gross divideod of 10 per cent. UOI reported a 35 per ceot fall in post-tax profit to S$5.1m and has declared a first aod final gross dividend of 12.5 per ceot.

## Sanko Steamship restructuring

BY YOKO SHIBATA IN TOKYO

SANKO STEAMSHIP, one of the world's major shipping groups io terms of ship bottoms operated, has drawn up a business reconstruction and fleet restructuring programme. It iovolves almost balving its giant fleet to 130 ships totalling some 12m dwt over the two years to March 1985.

Sanko owned 250 vessels, totalling 22.18m dwt at eod September, 1982, of which tankers *accounted* for 113 vessels, totallioq 14.71m dwt or 66 per ceot. As a result of the hlgb proportion of tanker volume owned the company has been badly hit by the poor demand for oil caused by the world recessioo aod expects operating losses of Y33bn ($137m) before extraordinary items in the year ending this mooth, compared with operating losses of Y7.4bn in 1981-82.

The compaoy has reduced its fleet io 1982-83 by 30 vessels totalling 2m dwt (inclnding sales of four very large crude carriers for scrap), to the current level of 20m dwt.

Uoder the two-year restructuring programme the company plans to reduce tbe fleet by a further 10m dwt by selling ships for scrap, by returning tbem on the expiratioo of chartering contracts, or by laying them up.

However, the company also intends to carry out a fleet expansion programme by oewbuilding or by the charteriog of modern and competitive small bulk carriers.

Sanko plans to replace old tankers by efficient and competitive oew ships at a time when shipbuildiog prices have hit rock-bottom, and then to deliver new ships when the economy, and the bulk carrier market, is on an upward treod.

The company will charter 14 small bulk carriers on a long-term basis from the Sumitomo Corporation trading group, of which six vessels are to be built by Oshima Shipyard and eight by Mitsui Shipbuilding and Engineering, to be delivered from 1984 to 1985.

Sanko's fleet expansion plans have made a considerable impact on Japan's shipbuilders as well as ship prices. According to shipbuilding industry assessments, if rumours of plans by Sanko to add 60 to 70 bulk carrier to its fleet in the next *few* years prove well-founded, Japanese shipbuilders would be saved from baving to make yard facilities idle. This would also save Japanese shipbuilders from scrambling for unprofitable orders.

Ship *prices*, which had been on a steep downward trend since last autumn, are now showing signs of lifting again. Greek and Hong Kong shipowners, having judged that the shipbuilding market has reached the bottom, have begun to sound-out orders from Japanese builders of medium-sized ships.

## Selling wave hits Bahrain shares

BY MARY FRINGS IN BAHRAIN

A WAVE of selling has hit *Bahrain's domestic share market* since the two dozen locally-owned companies started declaring dividends at the end of January.

Bank and insurance company shares were regarded as blue chip investments but prices have fallen by up to 50 per ceot in a suddeo loss of confidence sparked off by the oil price debate and the reductioo to 20 per cent of operating capacity at Bahrain's 250,000 barrels a day refinery.

The only investors buying heavily have been the state social security and pension funds, but their intervention has not been sufficient to support prices. The usually sought-after Bank of Bahrain and Kuwait (BBK) shares have fallen to BD 13 from BD 22 at the beginning of the year and the timing of a public share float for Bahrain Investment Company, which was due to go to the market in April for BD 4m (U.S.$10.6m) as part of a five-fold increase in capital, must now be in question.

Represeotatives of the three *national banks, National Bank* of Bahrain, BBK, and Al Ahli Commercial Bank, are holding meetings to discuss the situation, but nothing has yet come of a suggestion put forward in Kuwait to form e BD 50m ($130m) company to trade in local shares, and so bolster demand.

Bahrain does not yet have an official stock exchange, although a team of advisers is now drawing up recommendations for the establishment of one by the eod of the year. *Shares in Bahraini* public companies, which include hotel, cinema, trading, and ship repair companies, and Bahrain Telecommunications, are traded elther through hrokers or by private transfers.

● Bahrain Telecommunications (Batelco), which took over the Bahrain operations of Cable and Wireless in July 1981, has announced e profit of BD 21m (U.S.$55.7m) for its first 18-mooth accounting period.

A total of BD 12m will be distriboted to sharebolders, on the basis of a 5 per ceot dividend for the second half of 1981 and e 15 per ceot dividend for 1982. Employees are to get a 6 to 7 per ceot cost-of-liviog increase to their salaries, backdated to January 1 this year.

Cahle and Wireless manages Batelco under e five-year cootract *and has* e 40 per ceot stake in the BD 60m public company. The local shareholding is split between the Government of Bahrain (BD 10m), banks and commercial companies (BD 20m), and public subscribers (BD 6m).

## Sharply reduced profits for Ivory Coast banks

BY PETER BLACKBURN IN ABIDJAN

THE IVORY COAST'S two largest banks bave reported sharply reduced net profits for the year to September 1982. The poor results reflect the country's worst recession since independence in 1960 and a drop in real GDP growth to 1.4 per cent from 6 per cent between 1981 and 1982.

Societe Generale de Banque eo Cote d'Ivoire, the country's largest bank, reported a 68 per cent drop in net profits to CFA 316m *(US$0.9m)* and will not distribute a dividend this year. A profit was only achieved after a CFA 620m revaluation of tha bank's Abidjan headquarters. The balance sheet rose by 11.8 per cent to CFA 321bn (US$917m).

The Banque Internationale pour le Commerce et l'Industrie de la *Cote d'Ivoire*, the country's second largest bank, reported e 69.5 per cent fall in net profits to CFA 216m but will still distribute e dividend.

Reduced profitobility was due mainly to increased financial and operating costs with only a very small growth in turnover, according to the banks.

## Marina development for HK's New Territories

BY ROBERT COTTRELL IN HONG KONG

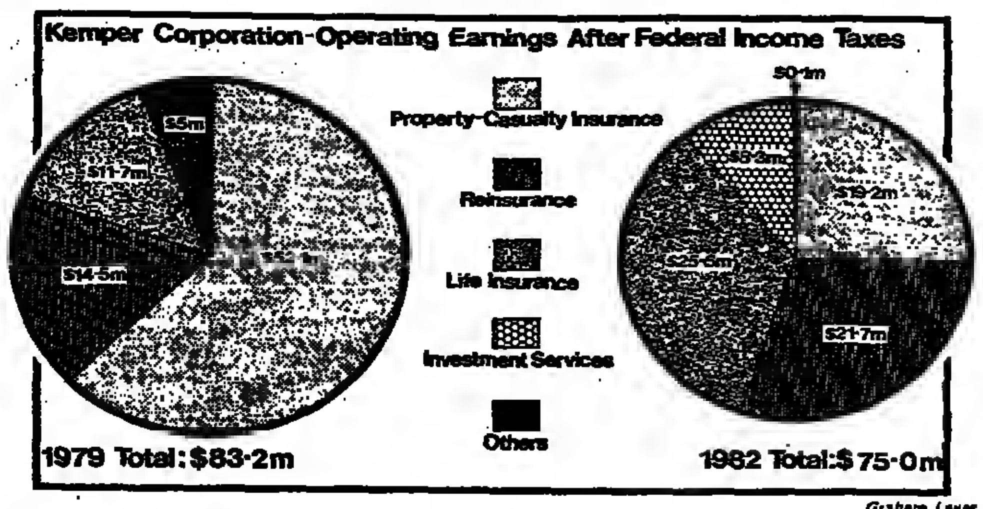
A HK$1bn (U.S.$150m) marina project is planned for Tuen Mun, io Hong Kong's New Territories by developer, Baynard, a company associated with the Kwok family.

Baynard has paid HK$8.5m for the 40-hectare site, about half of which is sea-bed requiring reclamatioo. The development will involve 300 hoat berths, a minimum of 1,550 apartmeots, and a commercial centre.

Of the reclaimed land, 15 hectares will be returned to tho Government when it bas been formed and serviced. The project is expected to take six years to complete.

● The Hong Kong Governmeot is to dolay the grantiog of seven siles for property development associated with the building of the Mass Transit Railway Corporation's "Island Line" on Hong Kong island. It says it plans to delay by at least six months the granting of the sites due to the depressed state of the property market.

# Kemper gets ready to take on Wall Street's giants



Graham Lever

*MIDDLE-SIZED stockbrokers in* the U.S., as elsewhere, are doomed to a lingering death — equeezed between Wall Street's increasingly aggressive investment banks, financial conglomerates like Prudential of America and American Express, and giant financial houses such as Merrill Lynch and E. F. Hutton.

That, at any rate, is what they say on Wall Street, and the view *is supported by hard evidence.* The market share of the top half dozen U.S. securities houses has increased in recent years.

However, things seem to look different out in Illinois, the home of the Kemper group—a diversified financial services business with assets of over $6bn. Kemper believes that the medium-sized regional brokers have a future—and in the last year or so it has backed that view by buying three such firms, for the best part of $200m. With around 1,100 registered representatives, it has come from nowhere into tha top 15 U.S. securities groups.

"*I don't think the regionals* are going out of business by a long shot." asserts Mr Joseph *Luecke, Kemper's chairman.* "I just don't believe we're going to have all these financial pro*ducts funnelled through a single* source."

Kemper's interest in this view *is not* born of its recent acquisitions. One of its subsidiaries, Kemper Financial *Services* manages around $18bn of money market funds, pension fund portfolios and other invest*ment instruments,* most of which are sold through independent regional brokers. And its *first bid for a broking firm of its* own, Blunt Ellis and Loewi of Milwaukee and Chicago, was *mainly a defensive measure.*

"Two other companies made an offer for Loewi," says Mr Luecke. "*They were right in* our backyards—and they sold about $1bn of our products. So *we hated to see them go.*"

A few months later, another opportunity more or less fell into Kemper's lap. Bateman Eichler, Hill Richards of Los Angeles was on the point of being swallowed up by Prudential, but responded eagerly to Kemper's last-minute intervention. "We wanted a West Coast presence," says Mr Luecke, "and by now we had decided that this was a good business to be in."

A third step came in the *closing months* of 1982, when Kemper bought 80 per cent of the Cleveland-based Prescott, Ball and Turben.

*The bids* were expensive, working out at around two-and-a half to three times book value. *But the timing was fortunate,* with an explosive rise in U.S. securities business getting *under way last summer.* And Kemper can boast a diversification record which is better than *most.*

The group was founded before the First World War as a *policyholder-owned* insurer of Chicago lumberyards, and one of its major components today *is still the Lumbermens Mutual* Casualty Company. The main moves out of property-casualty *insurance started in the late* 1960s, when Lumbermens spun off a stockholder-owned sub*sidiary, Kemper Corporation* in which it holds 52 per cent of the shares.

*Since then, Kemper Corpora*tion has built a substantial reinsurance business and a large *life insurance* operation. Among U.S. companies, it ranks ninth in terms of ordinary life insur*ance issued and its investment*-type offerings (mainly deferred annuities) have been through a *period of explosive growth.* Kemper Corporation also owns the investment management *company and spearheaded* the move into the securities business.

*The Bateman purchase* was made by Lumbermens in order not to strain the corporation's *balance sheet. But Mr Luecke* plans to transfer it into the stockholder-owned company in *due course.*

Mr Luecke recognises that the relationship between the stockholder-owned Kemper Corporation and the policyholder-owned mutual companies (of which Lumbermens is the biggest) leaves some confusion in investors' minds. There are also obvious conflicts of interest —the companies share the same boards of directors and parcel out overhead expenses between themselves. The directors have a special committee to deal exclusively with any problems in this area.

However, the great advantage of the *link is* that the mutuals are a source of capital to the Corporation—apart from helping out with the Bateman bid. Lumbermens has reinvested substantial dividends in the Corporatioo over the years. In addition, the Kemper group is able to achieve economies of scale on the property-casualty business, where the interests of the mutuals and the Corporation are pooled together.

Kemper Corporation's diver*sification has served it well* in recent years. Intense competition in the property-casualty industry cut operating earnings in this sector from $52m after tax in 1979 to just over $19m in 1982—but the Corporation's overall operating earnings fell from $83m only so far as $75m over the period. Mr Luecke thinks that property-casualty will post a recovery this year, with the help of higher premium rates in personal lines of business and lower weather-related losses in the Mid-West of the U.S.

Meanwhile, the newly-acquired broking firms are keeping their old identity, and are being run more or less as independent profit centres. "We don't have a Kemper pattern to stick on these people," Mr Luecke says. "It would be a serious mistake to force sales of our products through them."

Even with the Lumbermens' backing, Kemper does not have the resources to turn itself into a national securities company. Instead, it aims to protect the distribution of its existing financial products, and to establish a niche in the retail segment of the brokerage business which it does not believe will be vulnerable to competition from groups like Sears Roebuck which are attempting to build up a big volume of low margin business.

In addition, says Mr Luecke, "these are very profitable operations. If they were not able to stand alone and they had to depend upon supporting something else, we wouldn't have them."

But what about the evidence that this type of regional firm is losing its position in the marketplace? Mr Luecke is sanguine. He cites the precedent of doom-watching in other sectors of the group's business. "I have been hearing for 30 years that the independent agent is going out of the property-casualty business and the direct writers are taking over."

"Hey, look," he says firmly. "I don't believe it."

**Richard Lambert**

# UK COMPANY NEWS

## I£10m cash call by Irish Distillers

THROUGH A one-for-four rights issue Irish Distillers Group, the whiskey, gin and vodka producers, ts raising I£9.95m, whicb will initially go towards reducing hank borrowings.

The underwritten issue will offer 11.5m new ordinary shares at 190p each (80.3p). Yesterday, IDG's shares rose 4p on the London Exchange to close at 106p, their highest for the year.

The company claims to have spent over I£72m on capital expenditure and the building up of wbiskey stocks over the last 10 years. This bas been financed through both borrowings and retained profits. Now it oeeds additional investmant in whiskey stocks and in new technology.

The company forecasts an improvement in pre-tax profits for 1983—in 1982, they were I£7.fim—but expects most of the rise to come in the second half.

It also intends to increase total net dividends for the year by 20 per ceot to not less than 6p (5p in 1982) of which 1.5p (1.1p) will be paid at the interim stage.

### ● comment

One cannot fault Irisb Distillers' timing: just as the shares hit their high for the year, the company announces a rights issue. Nevertheless, a heavy programme of capital investment bas been and will continue to be undertaken, and this issue will bring capital gearing down from 55 to 38 per cent, whicb will relieve any strain on the balance sbeet. The nature of the business requires that planning for growth takes place well in advance as whiskey has to be laid down to mature years in edvance. With the growth of Irisb Distillers' export markets, large stocks are bound to be required. The company has had the dual problem at home of demand falling and excise duties rising as the Government tries to balance its budget. It has therefore had to look overseas to markets which historically have tended to associate whiskies with Scotland. A beavy advertising campaign bas helped to boost sales in Britain and the U.S. and exports now account for well over half of total sales. Profits should rise this year, thoueh not as fast as they did in 1982. If they reach I£8.5m, that would give a prospective ex-rights p/e of over 14. The forecast dividends imply a yield of about 7½ per cent.

## Building division boosts Cape to £3.42m

FOLLOWING AN uplift in building and insulation profits at Cape Industries, and despite exceptional rationalisation costs, pre-tax profits rose from £2.19m to £3.42m for 1982. Mr G. A. Higham, chairman, says that prospects are for "modest growth" in the coming year.

At the trading level profits increased from £5.71m to £6.9m with building aod insulation contributing £10.74m against £7.5m. Automotive division losses remained at £1.05m, compared with £1.25m.

Exceptional costs relating mainly to redundancies, bave amounted to £1.2m. Interest rose from £3.52m to £4.31m.

Turnover of this subsidiary of Charter Consolidated amounted to £219.6m compared with £216.99m.

The year's dividend has been maintained at 5.6p with a final of 3.9p (1.7p). Earnings per 25p sbare were sbown as increasing from 7.6p to 9.8p.

Extraordinary expenses of £6.6m (£6.74m) were incurred from closure or reorganisation of unprofitable parts of the business, with most of the costs coming from the automotive division. After these expenses there was an attributable deficit nf £3.67m (£4.44m).

On a current cost basis losses per share came to 4.7p (9.3p) and pre-tax losses were £900,000 (£2.9m).

Commenting on prospects the extent of the recession suggests caution in predicting any improvement, says Mr Higham. UK construction output does seem to have steadied, he says, and prospects for the curreot year are for some modest growth. The reduction in inflation may enable some stimulation of public sector projects, avoiding the recent underspending of budgets. The construction industry is the major market for the company's products.

The insulation trade should continue to benefit through the application of higher standards—the company has the widest range of products and services available in the market.

The automotive industry is harder to predict, says Mr Higham, but the company's position in the technical field of friction materials is strong and the reorganisation of the last three years sbould begin to sbow results.

In the second half group profits came to £1.51m against losses of £1.11m last time.

As noted in the interim report only about 20 per cent of turnover is now in products containiog asbestos—this proportion is expected to fall further. Compensation continues to he paid to employees who bave contracted asbestos related diseases. The number of new claims received and compensation paid out in the year to December 31, 1982, bave not been at significantly different levels from recent years. The provision for the year is lower than that made in 1980.

For the past two years there have been expectations that economic conditions would start to improve, but these hopes bave not been realised. Output of the UK construction industry did not decline further during the year, but the volume of new work remains about 20 per ceot below the 1979 level.

Nevertheless there was particularly encouraging progress in the building and insulatioo division where, without any real growth in sales, trading profits improved by 43 per cent.

In tbe automotive industry both original equipment and replacement markets showed some improvement in the earlier part of the year, but suffered a sharp decline in the second balf. This prevented the full benefits from the reorganisation of the friction material operations being realised and further redundancies were necessary.

### ● comment

Last year's 56.2 per cent pre-tax profit advance has put Cape Industries well on the way to achieving the sort of profits it was making prior to the disaster wbicb hit the company in 1981. Drastic surgery and reorganisation have significantly reduced fixed costs, allowing building and insulation profits to jump by 43 per cent from a relatively small increase in sales. Margins also broadened due to greater price stability in insulation and bigher volumes on the back of a revival in building and refurbishment. Construction—a major market for Cape—remained depressed, though industry pundits are predicting a 3-4 per cent increase in activity this year. Overseas operations sbowed an improvement the previous year, chipping in some 20 per cent of overall trading prots. A £1½m loss from automotive distribution wiped out the small profit shown by the manufacturing end of the division hut the bulk of the lossmaking operations have now been disposed of, which rids Cape of a serious profit drain. The bigher interest payments reflect additional horrowings, though interest charges were covered 2.2 times (1.6 in 1981) by trading profits. The share price jumped 13p to 113p, but still represents an understandable 43.8 per cent discount to the net worth of 201p per share.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| American Trust | 1.35 | May 16 | 1.55 | 2.35 | 2.25 |
| Booker McConnell | 2.25 | July 1 | 2.13 | 3.75 | 3.5 |
| British Aerospace | 5.2 | — | 4.8 | 6.45 | 7.8 |
| Bunzl | 4.5 | July 1 | 3.5 | 9 | 6 |
| Cape Inds. | 3.9 | — | 1.7 | 5.6 | 5.6 |
| James Dickie | 1.5 | — | 1.5 | 3 | 3 |
| Dufay Bitumastic | 1.6 | May 16 | 1.5 | 2.6 | 2 |
| Estates and Gen. | 1.2 | — | 1.15 | 1.9 | 1.75 |
| IMI | 2 | May 27 | 2.5 | 3.5 | 4.5 |
| Kleinwort Benson | 8 | May 24 | 7 | 11 | 10 |
| LWT int. | 4.49 | May 6 | 4.49 | — | 11.08 |
| MacFarlane | 2 | May 19 | 1.84* | 3.52* | 3.2* |
| Micro Business‡ | 1 | June 27 | — | 1 | — |
| Montagu Boston Inv. | 1.25 | June 6 | 1.25 | 1.25 | 1.25 |
| Molins | 5.7 | May 27 | 5.7 | 7.9 | 7.9 |
| Park Palace int. | 2 | May 20 | 1.75 | — | 5 |
| Pengkalen | 1 | June 14 | Nil | 1 | 1 |
| Reckitt & Colman | 6.6 | July 7 | 6 | 10.75 | 9.8 |
| Vosper | 3 | May 28 | 3 | 5 | 4 |
| WW Group | 4.99 | June 15 | 4.66 | 6.93 | 6.6 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.



## BAe makes £100m civil inventories provision

PROFITS UP by £14m to £85m and the dividend increased from 7.8p to 8.45p net are reported by British Aerospace for 1982.

But an exceptional provision set up this year of £100m has taken the group into a net loss.

The directors explain that in view of the current state of the civil aircraft market with world civil airlines reporting serious financial losses and deferring or cancelling orders for aircraft, they have decided to make the provision against the value of civil aircraft inventories.

This is to cover possible lower realisations and delayed sales that may occur for products of both British Aerospace and Airbus Industrie, including the recourse cost of sales finance packages.

The directors continue to have full confidence in the eventual satisfactory outcome of the company's civil programmes and has made the provision a matter of financial prudence.

At the end of 1982 the order book was valued at £4.23bn, compared with £3.89bn a year earlier. Almost 60 per cent was for export.

In 1982, sales advanced by 24 per cent to £2.05bn and trading profits by 19 per cent to £113m. A respective split shows: aircraft £1.33bn (£1.14bn) and £73m (£59m); dynamics £645m (£453m) and £39m (£33m); subsidiaries £79m (£69m) and £1m (£3m).

As a result of increased investment in stocks, which reduced cash resources, combined witb lower interest rates during the year, net interest receivable fell by £6m to £19m. Share of associates came to £2m (£1m) and launching costs written off this time were £49m (£50m).

After tax £8m (same) and the exceptional provision, there is a net loss of £23m, compared with a profit of £63m.

Earnings after tax, but before the exceptional item, were 38.45p (32.1p). The final dividend is 5.2p.

See Lex

### Airship Industries

The £5.9m rights issue announced by Airship Industries at the time of its arrival on the USM has not been very well received. Only 63 per cent of the issue was taken up, including irrevocable undertakings.

The balance will be taken up by the underwriters.

### Benson's Crisps

Benson's Crisps, a manufacturer of crisps and snack products, is coming to the USM shortly after Easter through a placing of 720,000 ordinary shares.

The company is the result of a management buy-out in 1979 from Empress Products which subsequently went into liquidation. Sales bave grown from £951,000 in 1979 to £3.8m in 1981. Profits before tax last year were £402,000. Brokers to the placing are Capel Cure Myers.

### Yearlings up ¼%

The interest rate for this week's issue of local authority bonds is 10¾ per cent, up a quarter of a percentage point from last week and compares with 13¾ per cent a year ago. The bonds have been issued at £99½ and are redeemable on April 4, 1984.

A full list of issues will be published in tomorrow's edition.

The recent rights issue by

### ACT rights

Applied Computer Technology was almost fully subscribed. Shareholders put in for 98.5 per cent of the issue—the remaining 34,008 shares were sold in the market at a net premium of 125p per share.

### Second City Props.

Pre-tax profits of Second City Properties advanced from £647,666 to £837,224 for the half year to October 31, 1982, from higher turnover of £11.5m, against £8.36m.

The net interim dividend is stepped up from 0.6191p to 0.8p per 10p share—last year a total of 2.2152p was paid on taxable profits of £1.51m.

The half year tax charge was up from £336,786 to £435,356 giving a net balance of £401,868, against £310,880. The interim payment absorbs £188,403 (£139,021).

### Datastream

The striking price of Datastream is 225p and capitalises the company at £29.9m. The offer for sala was oversubscribed 2.6 times at the striking price.

Preferential applications from employees were received in respect of 122,014 shares at or above the striking price and bave been satisfied in full.

Applications for the remaining 1,872,100 shares have been accepted on the following basis: applications for 250 shares—80 per cent of shares applied for; for 500—2,000 shares—40 per cent; for 2,500—5,000—30 per cent subject to a minimum of 800 shares; 5,500—25,000—25 per cent subject to a minimum of 1,500; 30,000 or more—approximately 15 per cent.

Letters of acceptance and cheques for surplus application monies in respect of succesful applicants will be posted on April 5.

Dealings in tha shares are expected to commence on April 6.



## Debts provision leaves Kleinwort Benson behind

PROFITS, after tax and transfer to inner reserves of banking and investment holding concern Kleinwort Benson Lonsdale, were down from £21.63m to £20.03m for 1982.

The directors say the slight downturn was due to a further reduction in earnings of Sharps Pixley and to a higher level of provisions against doubtful debts, including provisions against exposure to the public sectors of some of the countries which are rescheduling their debts.

The ordinary dividend is lifted, however, from 10p to 11p with a final distribution of 8p (7p) net per 25p share.

After preference payments, and ordinary dividends which will take £5.97m (£5.4m), the amount retained was behind at £13.99m, compared with £16.16m.

The attributable profit, after tax, of the associates, included in the figures, was £1.77m, against £1.53m last time. As at December 31 last the group's disclosed consolidated net worth amounted to £197m (£171m).

Total assets amounted to £3.7bn (£3.57bn) at the year end. Advances and other accounts stood at £1.38bn (£974m); loans to local authorities and banks £747m (£810m). Current, deposit and other accounts were £2.6bn (£2.41bn); acceptances on behalf of customers £479m (£413m) and shareholders' funds amounted to £278m (£240m).

### ● comment

The renewed activity in the gold market during the latter half of 1982 was not sufficient to halt the slippage in Sharps Pixley, Kleinwort's bullion dealing subsidiary, which may have accounted for around two-thirds of the £22.9m record net profits earned back in 1980. The extent of the decline is, naturally, not disclosed—nor, indeed, is the rise in provisions to account for Kleinwort's doubtful debt exposure in both Latin America and East Europe. But even though the rest of the bank failed to make up for these shortfalls, the decline of only 7 per cent in net profits, after a further net transfer to reserves, indicates the buoyancy of its other activities. Against a background of roughly stable lending margins, the oil investments made a useful contribution, while the corporate finance division achieved an exceptionally sharp rise in fee income. The low tax charge has also been maintained at last year's reduced level on the basis of stock relief allowances. The shares gained 6p to 306p yesterday, where they yield 5.3 per cent.

### HIGHLIGHTS

On a busy day for major company results Lex looks at British Aerospace which has effectively incurred a £15m pre-tax loss for the year after a writedown of its civil aviation inventories. Reported profits were £85m on sales up 24 per cent at £2.1bn. Reckitt and Colman shows a 13.1 per cent increase in pre-tax profits to £75m in line with forecasts despite £30m promotional expenditure. The column also looks at UDS where the board is divided on the merits of two rival offers for the company, reflecting the very small difference between the value of the two bids. Lex goes on to look at Exco where full-year profits soared from £4.1m to £14.7m. More significantly the company outlines its plans to float Telerate on to the New York market.

## Vosper slips but lifts payment

DESPITE "considerable expenditure" on development, profit of the Vosper group amounted to £1.74m in 1982, compared with £1.87m previously. The dividend is raised by 1p to 5p, with a final of 3p.

The directors state that the programme of widening the range of surface effect ships bas involved considerable development expenditure which has been charged against profits. This had an adverse effect on the margin earned on turnover, which was up from £22.2m to £31.19m.

All operating subsidiaries increased their turnover and traded profitability. The group, which is a subsidiary of David Brown Holdings, is engaged in shipbuilding, shiprepairing, and engineering.

After a tax credit of £125,000 (charge £197,000) and extraordinary charges of £315,000 in 1981, net attributable profit came to £1.86m (£1.35m) for earnings of 30.8p (27.6p).

The figures include Mainwork which became a wholly-owned subsidiary on November 1, 1981, and the appropriate proportion relating to Yarrow, which is now treated as an associate following an increase in Vosper's interest to 25.2 per cent.

Shareholders' funds total £17.2m.

### ● comment

Hopes for a settlement of nationalisation compensation have been a little brighter for Vosper following the Strasbourg declaration. Though timing of the next moves remains very much under a question mark, substantial progress could be seen this year. The company is not able to reveal the ectual size of its claim but as tangible assets of £25m were involved in 1977 and only £5.2m has so far been awarded, after allowing for inflation £40m would not seem an unreasonable bottom line to negotiate from. Because such an injection would dramatically change the operation Vosper is largely treading water where acquisitions are concerned despite a strong balance sheet. The improvement in performance last year is hidden by development costs, which are not expected to be repeated next time. Associate Yarrow contributed £200,000 more. Overall orders are 15 per cent up at £20m; on a year ago and enquiries and negotiations hold promise though in a highly competitive market margins will suffer. Clearly there is room for optimism in the existing business for an advance in 1983 and there should be some benefits, if only on consolidation, in the weakness of sterling. Yesterday the shares were unchanged at 216p yielding 3.4 per cent.

## Rohan falls to I£3.41m

IRISH INDUSTRIAL estate developer, property investor and building contractor Rohan Group fell from taxable profits of I£4.03m to I£3.41m in 1982, on lower turnover of I£25.14m, compared with I£29.77m.

The combined trading profit and surplus on revaluation of investment properties amounted to £4.83m (£6.23m) while shareholders' funds at the year end came to £18.7m (£15.6m) including an unrealised surplus on the revaluation of investments of £1.42m (£2.2m).

Net assets per 10p share were 252p (211p) and earnings per share are given as 34.46p (46.52p).

A second interim dividend of 6.9p per share has already been paid and the directors do not intend to recommend a final. The total year's dividend amounted to 12.75p (11.55p).

The rent roll at December, 1982 amounted to £1.3m (£0.9m) while an independent valuation by Lisney and Son, valuers and estate agents, of the investment property portfolio at the year end showed a surplus over cost of £6.2m.

The directors say performance of the trading and investment divisions was satisfactory.

During the year the group established a U.S. subsidiary Rohan Colorado Inc. to operate primarily in Colorado and the western U.S. in the development of properties.

After tax of £856,000 (£795,000) the attributable profits emerged at £2.56m (£3.23m) while dividends absorbed £946,000 (£856,000) leaving a retained surplus of £1.61m (£2.37m).

# UK COMPANY NEWS

## Reckitt & Colman expands to £75m

SECOND half pre-tax profits of pharmaceutical, household and toiletry, industrial and leisure group Reckitt and Colman moved ahead from £37.28m to £40.94m and pushed the full year figure to £75.01m, compared with a previous £66.35m. Sales for the period to January 31 1983 expanded by £74.14m to £901.32m.

Stated earnings per 25p share are 33.81p (31.1p) and the dividend is stepped np to 10.75p (9.8p) net with a final payment of 6.6p.

In the UK, main contribntors to improved profit were exports generally combined with stronger performances by the pharmaceutical and colours divisions, the directors say.

Losses in the industrial division were eliminated. Household and toiletry and the food and wine divisions increased voluma sales despite highly competitive conditions in the grocery trade. Profit before tax of these two divisions was affected and steps continue to be taken to improve efficiency and increase prodoctivity.

In Europe, the group's businesses in France, Holland and Ireland accounted for greater part of the increased profit, directors state.

In North America, the U.S. Food Company showed a steady performance and more than covered the cost of continued test marketing there of two of tha group's household products.

Since the end nf 1983, Widmer Wine Cellars Inc has been disposed of and agreement has also been reached for the disposal of Sunset Designs.

In Australasia and Asia performance depends heavily upon Australian results, the directors point out. A strong second half there improved the year-end position, compared with the first six months.

In Latin America, weakness of local correncies and different basis of translation for Brazil, Argentina and Mexico brought about decrease in sterling valne of sales. The significant profit increase is attributable largely to excellent performance of business in Brazil, they state.

An analysis of pre-tax profits by product shows: household and toiletry £37.58m (£39.24m); food and wine £19.86m (£21.25m); pharmaceutical £16.63m (£12.62m); colours and industrial £5.11m (£490,000); leisure £1.63m loss (£3.52m loss); corporate interest and expenses £2.54m (£3.73m).

A geographical analysis of the sama figures shows: UK £28.61m (£24.35m) — domestic £20.65m (£19.46m) and exports £7.96m (£4.89m); Europe £6.83m (£5.14m); North America £1.56m (£1.41m); Australasia and Asia £15.51m (£18.68m); Africa £11.36m (£11.41m); Latin America £13.68m (£9.09m); corporate interest and expenses £2.54m (£3.73m).

Profits for the 12 months were after interest payable less other income of £8.39m (£12.4m) and were subject to tax of £29.97m, against £24.55m.

After minorities, £3.13m (£3.25m), exchange credits £1.94m (£2.86m) and an extraordinary credit of £180,000 (£2.86m debit), the attributable balance came through ahead from £38.39m to £43.87m.

On a CCA basis the pre-tax figure is reduced to £50.2m (£45.2m).

See Lex

## Lower results as expected by W.W. Group

AS ANTICIPATED in the half yearly statement at W. W. Group, pre-tax profits nf £683,358 for 1982 were lower than tha previous year's £815,424. However, the final dividend bas been lifted and the directors say they are bopeful that profits for the current year will show an increase.

In the second half profits were lifted from £493,000 tn £561,000—autumn is traditionally the best half for the group. The directors say the full year result is "satisfactory" in the context of trading conditions throughout the year.

It is too early, say the direcmrs, to comment nn autumn bookings, but a good autumn season is anticipated.

The net final dividend is being lifted from 4.66p to 4.99p which raises the tntal to 6.93p against 6.6p last time. Earnings per 25p share are given as falling from 21.42p to 17.72p.

Turnover rose from £24.01m to £25.27m. At the trading level profits were lower at £1.54m against £1.57m. Interest costs rose from £551,161 to £652,992 and depreciation took £205,451 (£200,987).

Tax was lower at £246,700 (£289,050) wbich left net profits at £436,658 compared with £526,374. Preference dividends took the same again at £7,465 and ordinary dividends absorbed £146,796 (£142,721) including waivers of £21,082 (£17,164).

## AB profits slump at six months

INTERIM profits of Associated British Industries were mora than halved in the six months to December 31 1982, despite a £1m increase in turnover.

Turnover rose tn £10.6m from £9.3m but pre-tax profit fell to £206,000 from £483,000. An extraordinary profit of £82,000 on investment sales, took after tax profit to £238,000.

The interim dividend is maintained at 2.2p per share. Earnings per share for the half year were basic 6.6p and diluted 4.6p, compared to 11.2p and 7.9p for the same period in the previous year.

Associated British Industries acts as a holding company for its subsidiaries, including Astor Chemicals and Hermetite Products, wbich produce special purpose indnstrial waxes, protective coatings, manufacture and market branded car care prodocts, industrial and consumer adhesives and jointings.

ABI chairman Mr Peter Lawrence said the poor results were due in low sales to the car retail business and £120,000 costs for the launch of a Hermetite brand of adhesives in the U.S., combined with the return of the traditional slack period for the first six months.

He forecasts second half figures to June 1983 similar in the £439,000 pre-tax profit for the same period last year. The company's shares are traded in the market mada by M. J. H. Nightingale.

## Encouraging prospects seen by Consultants

Enconraging prospects for 1983 were seen by Mr Tim Simon, the chairman of Consultants (Computer & Financial) when speaking tn shareholders of this USM company at the annual meeting. He said that the first half would be the most active to date and should show a "most satisfactnry" result.

Mr Simon said that tha company's most active area continued to be in-house computer systems fnr stockbrokers and investment managers. Considerable interest was being shown by computer bureau users who might be unhappy with the inflexibility or cost of such an arrangement.

Shipbroking was quiet in 1982. However, three shipbroking system orders were received in February 1983 from Van Ommeren, J. I. Jacobs and Braemar Shipbrokers, and worth a total of £160,000.

More than usual activity was shown by existing clients in enhancing and upgrading their installations.

Payline Computer Sevices had made a small profit in January and February and should continue to do so.

The first Hong Kong order from a stockbroker was about to be signed. The company bad arranged a joint support scheme with Honeywell in Hong Kong wbn were supplying the computer for this order.

## Maintained bonus from Nat. Mutual

The National Mutual Life Assurance Society is maintaining its record reversionary bonus rates (called Regular bonuses) foc the two years 1981/82.

The rate for assurances stays at £5.10 per cent per annum of the sum assured and attaching bonuses and for self-employed and executive pensions at £6.20 per cent per annum of the aum assured and attaching bonuses. The terminal bonus — named Final Bonus — is also kept at the record rate of 50 per cent of attaching bonnses

This year the company is changing to an annual declaration and the interim bonus rate is improved marginally

## Superdrug on target with £5.3m at year end

IN LINE with its forecast of not less than £5.2m, Snperdrug Stores, toiletries retailer which came to the market this month, turned in pre-tax profits of £5.31m for the year ended February 26 1983, against a previous £4.41m.

Turnover expanded from £63.14m to £81.33m and profits were subject to a tax charge cf £2.34m, compared with £1.76m. Net profits were £2.97m (£2.66m) or 8.48p (7.59p) per 10p share.

After an extraordinary debit of £53,000 (nil) and an interim dividend payment of £285,000 (£310,000), the amount retained was ahead from £2.35m to £2.63m. The extraordinary item represented costs in connection with the offer for sale.

In accordance with the offer for sale document no further dividend will be paid for the 1982-83 year, but an interim for the current year will be paid in December.

Applications were received for 840m ahares in respect of the offer for sale of 8.8m shares on February 10 last. On February 23 listing was granted for 35m ordinary ahares.

### ● comment

So high is the market's opinion of Superdrug Stores, that the heating of February's new issue forecast by over £100,000 caused a 5p downward drift in the share price to 265p. At that price, even assuming that Superdrug makes about £6.5m in 1983-84, the prospective PE is still up around 30. However institutional investors seem unwavering in their faith that Superdrug will not deviate from its hitherio very successful formula. There is obviously a danger that the supermarkets will seek to muscle in on the hole in the market that Superdrug has so skilfully exploited, but the company's buying power and distribution network are now a match for anyone. There is continuing speculation about wbat Rite Aid will do with its remaining 28 per cent stake in Superdrug. It previously was keen to acquire the whole company, but at current prices it must be considered a potential seller. Those who bought in at the opening market price of 295p, may have to wait a bit longer for their capital appreciatioo.

## IMI holds on in second half but reduces final

IN THE second half of 1982 IMI has sbown a slight improvement in profit to £13.55m. This leaves the total for the year £1.86m down at £21.95m, after being £2m adrift at halfway.

Earnings are well down, and the final dividend is cut from 2.5p to 2p, giving shareholders a total of 3.5p net, against 4.5p in 1981. Provision for the bonus under the employees' profit sharing scheme is reduced to £600,000 (£1.4m).

External sales advanced by £100m to £632.84m and trading profit was up by £4.65m to £33.53m. These figures inclnde £102m and £8m respectively for new subsidiaries — Silverton Engineering for 12 months; Control Components for 15 and Cornelius Gronp for 10.

UK sales volnme, on a like for like basis, fell by 2½ per cent compared with 1981, but sales in the second half were 5 per cent up on those in the first. The UK work force was reduced by 2,000, and reported profits are after charging £6.9m for redundancy and reorganisation.

Overseas manufacture generated 44 per cent of trading profit, with Cornelius dning particularly well world-wide.

Special purpose valves made a subslantial advance and better results were also derived from building and engineering fittings, water heating, fluid power in Europe, sporting ammunition, engineering components and metal refining.

IMI Titanium was badly affected by redoced aircraft requirements, and among other areas suffering from the recession were the U.S. fluid power activity, UK vehicle radiators, plastic pipe and alloy tube. Demand for copper semis other than plumbing tubing was again poor and overall these operations traded at a loss.

The early months of 1983 have seen some improvements in demand, confined to certain product areas in the UK and U.S., but pressure on margins has continued.

The profit befnre tax includes £356,000 (£422,000) shere of major associotes and is after interest charged of £11.94m (£5.49m). Tax takes £8.26m (£5.17m), minorities £858,000 (£1.07m credit) and metal stocks loss £163,000 (profit £635,000) leaving earnings at £12.66m (£20.35m), or 4.7p (7.9p) per share.

After extraordinary debits of £1.91m (£5.05m) consisting principally of the closure costs of activities which have ceased, there is available £10.75m (£15.3m) or 4p (5.9p) per share. Dividends abosorb £9.4m (£12.08m).

The effect of stock appreciation relief combined with accelerated capital allowances and other timing differences bas been to reduce the tax charge by £5.6m.

At the end of 1982 shareholders' funds bad dropped from £256.15m to £221.99m, reflecting the writing-off of £35.27m goodwill as this is no longer being trealed as an intangible asset.

Net current assets stood at £185.39m (£147.81m) including cash and short-term deposits of £41.85m (£30.6m) and overdrafts and nther bank borrowings £19.69m (£21.52m). Investments are dnwn from £28.69m tn £14.6m.

### ● comment

IMI's half year dividend cut has been followed by a sligbtly less severe full year reduction which points to a steady rontinuation of the slightly improved trading conditions of the last few months of 1982. Without its new acquisitions, the group would have shown no trading growth at all last year, but the 2.5 per cent volume decline in the UK masked a substantial second balf recovery, partirularly in the building materials products. The slump in the titanium activities, where IMI was burdened with heavy stocks and long term contracts after its profits bonanza in 1981, left the other divisions with too much ground to make up, but the drain on profits from this area is now coming under control. Cornelius, the U.S. drinks disoenser company, should also increase its trading contribution, which probably accounted for around £6m for 10 months last year. With the U.S auto industry showing signs of renewed demand, and the prospect of a sharply reduced redundancy charge despite rationalisation in the conper interests, the market is now looking for ore-tax profits of arnund £28m this year, giving a fully taxed prospective multiole nf 12.1, and a yield nf just under 9 per cent at last night's price of 58p.

## RESULTS AND ACCOUNTS IN BRIEF

J. N. NICHOLS (VITMO) (fruit compounds and cordiale makpr)—For 1982: final dividond 6p net making 11.6p (10p); sales £18.27m (£12.08m): pre-tax profits £2.67m (£2.57m) eltar apecial chargo of £500,000 paid to A. G. Barr to vary terms of agreement governing canning of Vimto: tax £1.3m (£1.26m); not profits £1.37m (£1.31m); stated earnings per sharp 26.2p (25.5p).

MOLYNX HOLDINGS (maker of ancillary equipment for closed circuit TV)—Group turnover for 1982 was £973,000 (£821,000). Profit £16,401 (£64,853) after interest £945 (£30,845). Credit minorities £1,802 (£213 debit). Earnings 0.79p (2.81p) or fully diluted 0.83p (2.42p). That the group showed a profit, although small, considered not unreasonable. Overseas sales were particularly disappointing. New and up-dated products introduced recently which should provide improved base for future. Company endeavours to maintain a firm control on all costs but the funding of operating expenses requires an ever-increasing sales volume.

RIVOLI CINEMAS—Turnover sales and entertainment half year ended Oct 6 1982 was £97,401 (£108,635). Invest. income £74,398 (£67,804). Profit £82,107 (£88,880) before tax £29,496 (£24,220). Earnings 26.3p (22.2p) per share.

JAMESONS CHOCOLATES (confectionary manufacturer)—Final dividond 3p making 5p (4.6p) total for 1982. Turnover £7.54m (£6.58m); net attributable profit £373,000 (£330,000) after tax £327,000 (£288,000); earnings per 10p share 14.4p (12.7p).

EARLY'S OF WITNEY (blanket and floor covering manufacturer)—Final dividend 1p (1.4875p) making 1.315p (1.5p) net for year to January 28 1983; pre-tax profits £126,125 (£222,827); turnover £7.82m (£7.64m); tax £23,291 (£41,667): earnings per 10p share 1.63p (2.97p). Chairman says that business remains difficult. Although performance in the second half showed some recovery, margins remained inadequate. The first stage of restructuring manufacturing operations has been completed. Bank interest £117,720 (£38,692).

ESTATES AND GENERAL INVESTMENTS—Final dividend of 1.2p net (1.15p) for 1982 making 1.9p (1.75p) for the year. Turnover £4.19m (£4.89m); interest payable £1.71m (£1.62m); profit before tax £1.03m (£914,000); tax £231,000 (£138,000); earnings per 20p share 4.3p (4.1p). A valuation of the portfolio at December 31 1982 showed a surplus of £2m over book value which brought net asset value to 117p (109p).

ARBUTHNOT GOVERNMENT SECURITIES TRUST—Gross revenue £2.16m (£2.43m) for period August 1, 1982 to January 31, 1983. Net revenue £2.05m (£2.33m) after all charges. Second interim 2.75p (same) already announced.

# UK COMPANY NEWS





## Booker rises: further progress seen

IMPROVED pre-tax profits for 1982 and two major developments to reduce diversity of its portfolio are announced by Booker McConnell, the international food, engineering and trading company.

Despite a £4.7m setback in the food division taxable profits of the group emerged at £19m, an advance of £1.7m over 1981's figures, and Mr Michael Caine, the chairman, says he expects an improvement in the current year's results.

He also expects the group to be free of the large losses on extraordinary items which have been a feature of the 1981 and 1982 results.

The dividend for the year under review is being increased from 3.5p to 3.75p per 25p share by a bigger final of 2.25p—earnings per share were 9.97p (10.2p) on a net basis are 10.77p (10.52p) on a nil distribution basis.

Referring to the changes in the portfolio the directors say that terms have been agreed for the sale to *Dobson Park Industries* of Fletcher Sutcliffe Wild (FSW), the coal mining equipment manufacturer.

The total amount to be realised as consideration and in repayment of non-interest bearing liabilities due by FSW will be £10.5m. In addition, certain interest bearing loans from Booker to FSW, which at December 31 1982, amounted to £3.3m. will be repaid.

FSW's own external borrowings at end-December amounted to £2.1m and on the basis of amounts outstanding at that date the effect of the transaction will be to reduce by £15.9m the net borrowings of the Booker group.

The consideration receivable represents a premium of £2.8m over the net tangible assets of FSW at December 31.

Booker McConnell has also purchased a further 35 per cent of IBEC for $19.3m cash (£11.9m). The deal raises its stake in this U.S.-based international poultry breeder and agricultural management to 80 per cent—it has held a 45 per cent interest since June 1980.

The outstanding 20 per cent of the stock will remain in the ownership of the Rockefeller family. The agreement for the purchase provides options for the minority holders to sell their stock to Booker from 1985 onwards and for Booker to purchase their stock from 1986 onwards.

Group external turnover for 1982 expanded from £932.8m to £968m but at the trading level profits came through lower at £20.8m (£22.2m) after depreciation, hire of plant and equipment and redundancy and closure costs which in total were little changed at £13.5m (£13.7m).

Profit on fixed asset disposals added £0.6m (£0.7m), associates contributed £3.8m (£2m) and investment and other income was the same at £1.3m. Interest charges dropped from £8.9m to £7.5m.

After deductions of £2m (same) for minorities and £4.5m (£2.5m) for tax, including £1m (£0.4m) ACT written off, and sharply higher extraordinary debits of £8m, against £6.8m in 1981, group attributable profits emerged £1.5m lower at £4.5m.

A divisional breakdown of attributable pre-tax profits after minority interests, shows: engineering £3.7m (£0.9m loss); food distribution £1.2m (£5.9m); health products £2.2m (£3m); spirits, liqueurs and international trading £3.5m (£4.3m); agriculture £3.4m (£2m); shipping £0.8m (£0.1m); authors £1m (£0.9m); and parent company £1.2m (nil).

Mr Caine says engineering profit in 1983, without FSW, may be lower. In food distribution profit will be at a higher level but profitability in the cash and carry business may not be back to an acceptable rate until 1984. Health products should return to the 1981 level but in spirits and liqueurs the strength of Tia Maria may not entirely make up for the weakness of the dark rum market in the UK.

Agriculture's contribution will be larger due to the increased shareholding, but continuing recession in the poultry industry means that IBEC's profit may not significantly increase.

In shipping, the recovery which followed the Booker Line reorganisation, should be maintained.

The "substantial" extraordinary debits arose mainly from the necessary response to serious trading losses in two subsidiaries. At Fletcher and Stewart, the loss-making sugar machinery factory in Derby is being closed and, in response to declining cargoes to Guyana, Booker Lines' four ships have been laid-up. Sales of these vessels are underway.

*Mr. Caine* concluded that the group had become too diversified but had "now gone a long way" towards correcting this.

**● comment**

The expected turn-around in Booker-McConnell's engineering division follows a period of drastic pruning and the disposal of specific lossmakers. The revival was aided by a useful contribution from *FSW*, which is now to be sold as the group pursues its long-term strategy of reducing diversity. The food distribution side, which performed dismally last year, remains a major variable in assessing overall prospects. The company admits that the major difficulties have stemmed from problems with digesting previous acquisitions, but management is hopeful the situation will be corrected by channelling a considerable marketing and productivity improvement effort in this direction. Much of that effort may, however, be spent in regaining some of the ground lost during the past year. The focus of activities is slowly shifting towards health food and agricultural operations and the increased stake in Ibec will accelerate this movement. The market might have been encouraged by the revival in engineering, but nervousness about the food division seems to have outweighed any optimism. The shares closed at 75p for a yield of 7.4 per cent.

## Molins pushes on despite loss

AN INCREASE of £0.4m in profit has been achieved by Molins, despite a massive loss in the corrugated board machinery division. A maintained final dividend of 5.7p holds the total at 7.9p net.

Reflecting a further deterioration in demand for corrugated board machinery in most markets, sales in this division fell from £40.6m to £31.8m and trading loss increased from £0.9m to £4.4m. In tobacco machinery sales advanced from £91.9m to £111.1m and the trading profit from £9.6m to £13.7m.

Tax takes £1.4m (£3.4m), the reduction primarily reflecting lower taxable income from the U.S. where Langston's trading loss was the major factor. Minorities again require £200,000 and extraordinary charges, reflecting the costs of restructuring the corrugated board machinery business, are £2.4m (£1.4m), to leave the net attributable profit at £4.3m, against £2.9m. Pre-tax earnings are shown at 26.8p (25.8p) and net earnings at 22.7p (14.6p) per share.

Borrowings rose by a net £4.7m, *mainly for the construction of new Langston production buildings*, but the debt to equity ratio remains low.

Looking at the future, the directors see a growing return from operations as the new range of products becomes established. However, expectations for the current year are that profits, before tax, will be comparable with those now being reported.

The tobacco side has a satisfactory 1983 load for its major factories, with the exception of the Deptford packing machinery unit, although prices secured in some cases are tighter than the directors would like.

Prospects in corrugated board depend critically on an upturn in customer demand. Despite some modest improvement in order volume recently, the order position remains unsatisfactory.

At the year end shareholders' funds totalled £73.5m (£68.8m). Net cash and investments stood at £6m (£3.2m). Net tangible assets per share are given as 251p (235p).

**● comment**

Molins still has some way to go to recover the pre-tax levels seen *four years ago* and the latest ersults were a shade below market expectations. Taken in the overall engineering context, however, the group demonstrates resilience. The strength lies on the tobacco machinery side which is helped by sharply rising tobacco products sales in the less developed countries offsetting the decline in smoking in the Western world. Unfortunately some of its key markets for tobacco machinery and, particularly, corrugated board machines like Mexico and South America, have been prevented from buying because of currency problems. Harsh treatment has left the corrugated board business able to tick over, possibly recovering in near breakeven this year, even in the severely depressed market. But total orderbook is slightly down on a year ago and the group is looking to its new generation of tobacco machines, out later in the year, to recoup its market share. The resulting gains will come too late to impact significantly on the current year's outturn. With the forecast of little change in 198 profits shares yesterday lost 7p at 153p putting the prospective p/e at just under 12.

## Distribution side keeps Bunzl ahead at £12.7m for year

PRE-TAX profits of Bunzl, cigarette filter, paper and merchanting group, increased from £11.59m to £12.69m for 1982 and highlighted the significant contribution made by industrial and fine paper distribution in the U.S. and the UK, a business which did not exist in the group two years ago.

Directors say that some markets in which Bunzl operates, are showing signs of improvement, but it is too early to be confident that this will be maintained. Profits in the current year so far, however, are up to budget and ahead of the corresponding period last year, they add.

At halfway profits were ahead from £6.09m to £6.29m and a satisfactory result for the full year was expected.

Turnover after six months had expanded from £110m to £173.38m and had reached £361.5m (£245.65m) at the year end.

After tax of £5.31m, against £4.66m, earnings per 25p share are shown as 28.2p (23.4p), and the dividend is lifted by 1p to 9p with a final distribution of 4.5p net.

Trading profits amounted to £10.75m, against £8.09m, and were divisionally split as to: *Filtrona* division—UK filter £830,000 (£1.26m) and overseas filter £2.23m (£2.49m); non-filter £1.34m (£865,000); merchanting £2.76m (£2.95m); industrial £1.37m (£998,000); distribution £2.87m (£366,000); discontinued operations £11,000 (£377,000 loss); central costs/property £658,000 (£468,000).

Above the line there was depreciation and amortisation costs of £3.49m (£2.77m), interest payable £2.38m (£1.34m), decrease in general provision for doubtful debts £461,000 credit (nil), and currency gains £178,000 (£837,000).

Minority interests took £527,000, against £822,000, and there were extraordinary debits of £2.68m (£1.04m) consisting mainly of a provision for reorganisation and loss of disposal of subsidiaries.

Shareholders' funds, after extraordinary charges and £4.2m of goodwill written off, were £66.6m at the year end, or 254p per share. The return on the same funds was 19 per cent (17.3 per cent in 1981).

Borrowings, net of cash deposits and quoted investments, amounted to £13.3m, 20 per cent of shareholders' funds.

**● comment**

A change of policy on the amount Bunzl thinks fit to put aside for doubtful debts has given a helpful £461,000 credit above the line. Thanks to that the group just about makes the lower range of the City's profit estimates. That aside the picture which emerged from yesterday's full year figures was very much as expected. The filter business continues to grind along under pressure and now accounts for no more than 27 per cent of group trading profits. However, Bunzl's string of acquisitions in the distribution area, in particular the States, is having the desired effect on profits from that division which have come up from virtually nothing to a quarter of the total over the past two years. This year will see the benefit of full year figures from those acquisitions and the weak pound will impact on profits translation, even if it is a question of swings and roundabouts on day to day trading. The shares have outperformed the market by about 23 per cent over the past year and over 10 per cent in the past month and now may be due for a quieter life. At 273p, down 9p yesterday, the yield is 4.6 per cent and p/e, on stated earnings, is 10.2.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**

Interims—A.B. Electronic Products, Ben Bailey Construction, Standard Industrial.

Finals—Associated Book Publishers, Babcock International, Bridon, R. Cartwright, Exeter Building and Construction, Guardian Royal Exchange, Home Counties Newspapers, Lambert Howarth, Legal and General, Myson, Planet, Reed Executive, Renork, Spirax-Sarco Engineering, Tellos, Trust Securities, Watts Blake Bearne, Walt. James Wilkes, Yorkshire Chemicals.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Beckman (A.) | Apr. 6 |
| Druck | Apr. 7 |
| Peters Stores | Apr. 14 |
| Photo-Me International | Apr. 7 |
| Finals— | |
| A.P.V. | Apr. 5 |
| Anchor Chemical | Apr. 11 |
| Baird (William) | Apr. 7 |
| Barrow Hepburn | †Apr. 20 |
| British Printing and Communication | Apr. 6 |
| Coates Brothers | Apr. 6 |
| Conder International | Mar. 31 |
| Croda International | Apr. 7 |
| English National Investment | Apr. 26 |
| Finlay Packaging | Apr. 7 |
| Glenfield Lawrence | Mar. 31 |
| Highlands and Lowlands | Apr. 7 |
| Upton (E.) | Apr. 8 |
| Wilson (Connolly) | Apr. 13 |
| York Mount | Apr. 8 |

† Amended



## Dufay earns more and pays 2.6p

HIGHER profits and dividend, and a 1-for-5 scrip issue are announced by Dufay Bitumastic. For 1982 group profit is ahead from £549,000 to £709,000 before tax and exceptional item, while the final dividend is 1.6p for a net total of 2.6p, against 2p.

The chairman Mr C. Attwood, says the company is in a strong financial position with adequate funds to take advantage of any opportunity which may arise.

Sales of the group—which is engaged in the manufacture and application of surface coatings—rose by £1.3m to £13.37m. After tax £134,000 (£91,000) and last year an exceptional £775,000 settlement of claim against a subsidiary, and extraordinary items of £43,000 (same), there is a net attributable profit of £532,000, compared with a loss of £360,000.

Net earnings are shown at 4.8p (loss 2.7p) and fully diluted at 4.7p (loss 1.8p).

**● comment**

The benefits of the major surgery of 1981, when a quarter of the workforce was shed, continue to show through at Dufay Bitumastic. In the first two months of the current year profits were well ahead in all five divisions though there has been no real pick up in demand. However, with its UK customer base for coatings right across industry *Dufay's performance* here must necessarily reflect general economic conditions. Therefore it was in exports, previously accounting for 20 per cent of total turnover, that most of the gains in sales came last year. Margins overall on coatings remain under pressure but in the high technology areas, such as the recent orders for the European Airbus, they can be sustained at healthy levels. In addition J and C. Printing—the purchase which was half funded from proceeds from property disposals—has swung to a small profit in the three months since purchase and the printing division is expected to be a significant profit contributor in future. Yesterday the company's cautious optimism—with claims against products now covered by insurance—helped the shares add 1p to reach 50p to a yield of 7.7 per cent. Meanwhile Camrex sits on the sidelines with an over 29 per cent stake and no sign yet of adding a little colour to the proceedings.

## Mellins finishes £0.54m in red

SECOND HALF pre-tax losses of Mellins increased from last year's £154,000 to £353,000 and left the group £536,319 in the red for 1982, compared with £234,088 the previous year.

The directors point out, however, that following the appointment of Mr T. Suleyman as chairman in November a study and subsequently a reorganisation of the group's operations has been undertaken.

They add that this did not take affect until the end of the year since when the group has achieved "much improved results."

As anticipated in the interim report group turnover in the second half improved on that of the first half's £610,922 and lifted the full year figure to £1.65m, against 1981s £1.76m—Mellins has interests in lingerie, babies wear and property investment.

The deficit for the year was struck after charging exceptional debits of £128,484 mainly relating to stock provisions.

There was a tax credit of £2,169, against £46,144—last year there was also an extraordinary debit of £11,171.

During the current year the group proposes to open up new markets for Paula Lee, Cuta-Wear and Bejoss products overseas.

Mellins acquired the trading assets and goodwill of the children's wear division of Paula Lee from that company's receivers last December for £156,000 excluding expenses. The deal was expected to boost the group's turnover by approximately £2m a year.

The group has also announced the acquisition of Michael de Leon (USA) from the receivers to R and J Pullman.

**● comment**

Mellins, a rag trading near shell had not paid out a dividend since 1965 when Mr Suleyman, the marketing man with a following, moved in last November. The above the line write-offs show that things may have been even worse than he had expected. Nevertheless the new management firmly believes that a return to profits is on the cards this year. Of course it is not that achievement, however creditable, that sent the shares spiralling from 6p to a peak of 246p in four months. The speculation revolves around a Polly Peck like transformation. That would mean goodbye to textiles, but Mr Suleyman seems to regard organic growth as the best course, though that does not by any means rule out the use of paper. Of course the textile industry may be set for explosive recovery, but that is not a possibility which would benefit only Mellins. And Courtaulds yields 11 per cent. When Mellins' share price first launched into the stratosphere, it was widely believed that the support was the share price of, and rumours about, Polly Peck. Now that prop has been largely kicked away, the Mellins share price at 162p, down 21p, seems to be more a case of levitation.

## Channel 4 shortfall hits LWT

LOWER THAN projected revenue from Channel 4 and higher transmission costs, depreciation and leasing charges, caused pre-tax profits of LWT (Holdings), the independent television company, to fall from £3.39m to £2.81m in the first half to January 23, 1983. This was after a lower Exchequer levy of £1.07m, compared with £5.11m.

The interim dividend is being maintained at 4.4942p net per 25p share but the directors say they will have to assess the full year's figures before they decide whether to recommend an unchanged final. Last year a total of 11.076p was paid from pre-tax profits of £4.01m.

Mr John Freeman, chairman, says the substantial shortfall in Channel 4 revenue projected for LWT was due to the industrial dispute between the actors' union Equity and the Institute of Practitioners in Advertising.

He says the cost of Channel 4 to the ITV companies is now some £150m a year in subscription, increased IBA rental and other related expenditure outside the companies control. This will inevitably affect the profitability of LWT during the second half year.

Half year turnover rose from £51.87m to £62.34m. Tax took £1.46m (£2.04m) leaving net profits of £1.35m (£1.89m). After minority interests of £81,000 (£87,000), attributable profits emerged at £1.27m (£1.8m).

**● comment**

LWT is letting its sense of drama drift out of the studio set and into its chairman's statement. The implied danger of a cut in the final dividend smacks of political sabre rattling for Channel 4 is clearly a substantial drag on its contracting profits with the TV companies playing piggy in the middle to the IPA and Equity. Group costs have got out of step with advertising revenue which was up about an eighth during the half year and to get the two back into balance LWT is going to have to take a hard line on its labour costs. Undoubtedly programme spending will come under scrutiny too, but it is one thing to look and quite another to start snipping at the product which ultimately dictates audience levels and thus advertising revenue. Outside of contracting Hutchinson publishing continues to respond to earlier surgery though the sector is far from easy and Page and Moy is stuck with a very competitive travel sector and margins must be thin. The shares slipped 7p to 160p where (assuming a maintained final) the yield, in an income conscious sector, is 10.2 per cent.

## Comtech doubles losses as research costs expand

SHARPLY higher research and development costs at Combined Technologies Corporation is the main reason for the doubling of losses before tax to £1.66m against £801,000, for the three months to the end of 1982. Mr James G. S. Longcroft, chairman, says the increased costs reflect the board's confidence in the products on which the company has embarked and on which future success depends.

A breakdown of research and development costs shows an increase in information storage costs from £726,000 to £1.17m, with control systems moving up from £16,000 to £23,000 and other costs amounting to £284,000 (nil).

Turnover moved ahead from £43.21m to £46.57m. At the operating level profits slipped from £533,000 to £464,000, which were wiped out by interest costs of £643,000 against £592,000, and by the r and d costs.

Operating profits were split as to: automotive £339,000 (£405,000); hardware wholesaling £79,000 (loss £14,000); control systems £9,000 (£159,000); and other £37,000 (loss £17,000).

There was again no charge for tax and losses per 10p share were shown as rising to 2.7p (1.8p).

For the nine months to December 31 1982 pre-tax losses came to £3.06m on turnover of £144.65m.

Recent months have been strongly encouraging for the information systems subsidiary Mnemos, says Mr Longcroft, both in terms of tangible achievement and long-term promise. The Mnemos 6000 system continues to be under close consideration by major corporations on both sides of the Atlantic.

The most important tangible development has been the design and construction of a limited number of Mnemos 600 workstations in the form that will be taken by the final production model.

An independent review of sales prospects for System 6000 has demonstrated its competitive advantages and large market potential. One finding is that System 6000 workstations and discs should continue to be sold in the early 1990s with products based on competing technologies unlikely to pose a serious challenge in target markets until towards the end of the 1980s.

Work on other high technology information product ventures with predicted potential of the same order as Mnemos has been under way for more than a year.

# MINING NEWS

## Amax and Phelps have lean and hungry look

BY KENNETH MARSTON, MINING EDITOR

EMERGING from one of the worst years on record, the world mining industry is shaken, but unshattered, as it looks hopefully towards economic recovery.

This message comes across in the annual report of America's giant Amax diversified natural resource group which plunged into a net loss last year of $390m (£268m), a far cry from the 1980 record net profit of $470m.

"We enter 1983 a leaner, more efficient and revitalised company," says Mr Pierre Gousseland who took over as chairman from Mr Ian MacGregor in 1977. But as with the latter's experience at British Steel, the slimming process has been all the more painful for not having been started earlier.

The continuing austerity programme embarked upon last year by Amax included severe curtailments in metal production in order to reduce stocks during the weak market conditions. The company temporarily stopped all primary molybdenum, tungsten and phosphate operations and severely cut back on copper mining.

Capital expenditure was chopped by just on 50 per cent to $310m. This meant dropping virtually all expansion and some replacement projects and cutting exploration spending by about 32 per cent.

Inevitably the workforce was also reduced across the board—falling by some 30 per cent to 13,896 at the year end—and there was a resbuffling of middle management. Despite the company's loss, shareholders still received dividends although the quarterly payment was progressively reduced to 5 cents from 60 cents: the total for the year amounted to 85 cents compared with $2.40 in 1981.

At the same time Amax disposed of what it calls "less essential" assets which included sales of rights to future tax benefits and the sale of an office building. Debt was restructured by deferring interest payments, cancelling debentures by issuing common stock in exchange, and other measures which reduced immediate interest payments.

The result of all this was to reduce the cash drain by some $550m. In the final quarter of the year the company's cash flow turned positive, although this did not prevent a biggest-ever net loss in the quarter of $244m which included a $100m partial write-down of the investment in the Anamax Arizona copper mining partnership.

Amax believes that a positive, or break-even, cash flow will now be maintained. This does not necessarily mean an early return to net earnings and, of course, deferred interest payments will have to be met in the long run as will much of the capital expenditure which has been postponed.

The important thing, however, is that Amax and the other mining groups of similar calibre have weathered the storm. And with the clouds beginning to clear the process of recovery can now begin although much depends on the course of the world economy in general and that of the U.S. in particular.

This view is held by Messrs George B. Munroe and Richard T. Moolick, chairman and president, respectively, of Phelps Dodge, the leading U.S. copper company.

"It now seems clear that a recovery is beginning to get under way, although it is still too early to know how robust it will be or how long it can be sustained," they say in the latest annual report.

Phelps made a net loss in 1982 of $74.3m, its first since the 1932-33 depression. Like Amax, the economy tightened its belt, sharply reducing the workforce and cutting the pay of all salaried employees, ceasing the payment of dividends and lowering capital spending by one-third.

It was also forced to close down all its copper mines and smelters in April with the exception of the Hidalgo smelter in New Mexico. But in October operations were resumed at the largest of the copper installations at Morenci, Arizona. Overall, mine copper production last year fell by one-half to 150,100 tons.

Early this year, however, a better demand and improving prices for copper allowed the reopening of the Ajo, Arizona mine, restoring Phelps' current production rate to about 75 per cent of capacity.

Copper is not the only product of Phelps but it is by far the most important. At normal production levels each change of 1 cent in the price of copper (currently around 79 cents per pound) affects pre-tax earnings by $6.5m on an annualised basis. At present levels it is equivalent to $4.9m.

Phelps intends to reduce this dependence on copper. As funds become available they will be used to reduce debt, improve operating efficiencies and to diversify into a broader range of metals and minerals.

Meanwhile, current year's prospects are dependent not only on copper prices but also on the outcome of the negotiations for the renewal of the Arizona wage contract which expires at mid-year.

## Higher costs for SA gold mines

"INFLATION remains one of the most intractable problems in the country," according to Messrs Dennis Etheredge, Gerald Langton and Nicholas Oppenheimer in their annual reviews of the South African, Transvaal, gold mines in the Anglo American Corporation group.

It is pointed out that recent increases in power and rail costs "do not bode well for costs in the mining industry in the year ahead." And following the "acrimonious" 1982 wage negotiations for white workers, the higher gold price could produce expectations of larger wage increases this year.

On the subject of the gold price, the chairmen take the view that earlier fears of a collapse in the international banking system have receded with the realisation that debtor nations will have to be supported.

It is argued, therefore, that this has provided a higher floor price for gold because loan rescheduling will lead to additional growth in monetary supply and inflationary expectations. But the bullion price is unlikely to gain ground until there is a resurgence of physical demand, particularly from fabricators; there are indications that it is now providing support.

Vaal Reefs boosted gold production last year to a record 78,750 kilogrammes (78.7 tonnes), partly as a result of mining higher ore grades in order to offset the effects of lower gold prices in the earlier months.

This year it is expected to revert to 74,000 kg in line with a reduction in recovery grade to 8 grames gold per tonne from 8.56g. This will also affect Southvaal which draws royalties from Vaal Reefs' mining of the company's South lease area.

Western Deep Levels plans to produce 39,000 kg gold this year from milling of 3.3m tonnes ore at a recovery grade of 11.82g. This compares with last year's 39,476g from 3.5m tonnes milled at a grade of 11.28g.

Mr Langton points to the disappointing continued fall in gold values on the Carbon Leader reef and thinks it doubtful that recovery grades will improve much beyond the 12g level in the foreseeable future.

The young Elandsrand is to concentrate on gaining faster access to higher grade ore in the south-west section of the sub-vertical shaft system. This will mean an earlier improvement in the mining grade and, by reducing the planned depth of the shaft, will save R40m (£25m) in capital costs.

But overall capital spending on the production expansion to 200,000 tonnes of ore per month will increase sharply over the next two to three years. It is estimated at R53m for this year against R25.8m in 1982. This year milling is to rise to 1.68m tonnes at a grade of 5.7g to produce 9,600 kg gold against 8,138 kg in 1982.

* * *

Quebec Sturgeon River's new 68 per cent-owned St Andrew Goldfields of Toronto has completed C$14m equity financing via a public offering. The funds will be used to finance a multi-phase underground exploration and development programme at the Slock Township gold property in Ontario which will take two years to complete.

## Echo Bay C$24.5m cash call to reduce bank debt

DETAILS are now announced of the Canadian gold-producing Echo Bay Mines' C$24.5m (£13.7m) share offering. Echo Bay, which is controlled by the U.S. diversified IU International group, is to offer 3.5m new common shares to investors in Canada and Europe at C$7 (about 391p) per share.

The sale will reduce IU's holding of Echo Bay common shares from 100 per cent to 88.6 per cent, or 22.7m. The latter's preferred shares are widely held by individual and institutional investors in Canada, these carry gold purchase warrants exercisable in 1986, 1987, 1988 and 1989.

Echo Bay intends to use the proceeds of the offer to reduce the bank debt used to finance construction of the company's gold mine at Lupin in Canada's Northwest Territories. The second largest gold mine in Canada, Lupin, is producing more than 120,000 ounces of gold a year.

Production is now being expanded to 140,000 ounces at a cost of some C$4m. This expansion is due to be completed by January 1984.

## Baguio is still closed

DATA released by the Chamber of Mines of the Philippines show that in January to November of last year (the latest period with available figures) Baguio Gold Mining did not produce any copper concentrate at its Sto. Nino mine, nor any gold at its Tuding property, reports Leo Gonzaga from Manila.

Despite its name, Baguio has been more of a producer of copper than gold because the Sto. Nino mine is relatively new while Tuding is now nearing the end of its mining life. In the January-November period of 1981, when copper prices rose, Baguio produced 2,382 tonnes of copper concentrates at Sto. Nino.

According to Philex Mining, whose loan and equity exposure in Baguio has been estimated at Pesos 259.1m (£18.7m), Baguio is worth Pesos 101.8m (£7.3m) in mining and milling equipment plus spare parts alone. No figures are available on ore reserves.

Neither Philex nor Baguio would say whether the Sto. Nino mine would be put back into production if the world copper price improves.

### ROUND-UP

Australia's Pancontinental reports a net loss of A$1.59m (£944,400) for the six months to December 31 compared with a loss of A$1.89m a year ago. The company has been obtaining encouraging drilling results at its Paddington gold discovery in Western Australia while it seeks sales contracts and, possibly, approval from the new Australian Government for its 65 per cent-owned Jabiluka uranium venture in the Northern Territory.

Australia's Geometals announces that drilling has commenced on the South Kalgoorlie Hannans Lake gold prospect in Western Australia. The drilling is being undertaken by Geometal's joint venture partner Wild catters Proprietary.

The first hole has been designated DDH GEO 1 and is currently drilling ahead from a depth of around 167m. A second hole, DDH GEO 2 will be drilled following DDH GEO 1.

### RESULTS AND ACCOUNTS IN BRIEF

PENGKALEN (tin mining in Malaysia)—For year to September 30 1982: dividend 1p (nil) making 1p (1p) for 10p shares: turnover £274,682 (£314,610): pre-tax loss £43,684 (£108,886): tax credits £22,277 (£28,320): extraordinary credit £19,458 (nil) being profit on disposal of investment of £74,255, costs incurred in connection with offer for company's shares by Neville Enterprises of £32,480 and tax of £22,277: stated losses per share 1.7p (5p).

AMERICAN TRUST—Final dividend 1.35p, making 2.35p (2.25p) for year ended January 31 1983. Profit £3.81m (£3.39m) before tax £1.87m (£1.39m) and minorities £38,000 (£4,000). Attributable profit £3.1m (£1.99m). Earnings 2.53p (2.4p) and 2.49p (2.36p) assuming full conversion of B ordinary. Majority of investments did well in market terms, exception being energy sector. More funds transferred to North America and at year-end North American equities represented 67.8 per cent of equity shareholders' interest. Company can now be considered as an investment trust specialising in North America, with primary objective of achieving long-term capital appreciation by investing in equities.

JAMES DICKIE & CO (DROP FORGINGS)—Final dividend 1.5p (1.5p) for the year to the end of October 1982 making 3p (same) for the year: turnover £4.06m (£4.12m): pre-tax profit £99,000 (£28,000): tax £20,000 (credit £42,000): extraordinary credit nil (£161,000): earnings per 25p share before extraordinary items 4.29p (3.83p). Chairman says that there is still excess capacity in forgings and castings—competition is fierce and margins are being eroded.

ASSOCIATED BRITISH INDUSTRIES (specialist chemicals)—Turnover £10.66m (£9.32m) for the six months ended December 31, 1982. Pre-tax profit £206,000 (£483,000) after interest charges £123,000 (£158,000). Tax £50,000 (£217,000). Extraordinary credit £82,000 (nil), leaving attributable profit £238,000 (£266,000). Earnings per share 8.57p (14.19p) basic and 4.63p (7.89p) diluted. Interim dividend 2.2p (same). Outlook for second half is "better." The company's share are traded on the market made by M. J. H. Nightingale and Co.

MACFARLANE GROUP (CLANSMAN) (packaging, printing)—Results for 1982: Pre-tax profits £2.15m (£1.76m): turnover £31.81m (£25.94m): after tax of £682,843 (£582,532) earnings per share 9.62p (7.77p) and dividend is effectively raised to 3.52p (3.2p) with final of 2p. Chairman says that although trading conditions are still difficult the group has started current year at about the same level as last year.

# BIDS AND DEALS

## Exco International profits surge above £14m mark

Exco International, the money broker and financial services group, showod pre-tax profits of £14.7m for 1982 compared with a previous £10.65m.

Group turnover for the year was £44.7m, against £36.6m, and the final net dividend is 3.1p (2.5p( making a total of 5.6p. Earoings per share are 15.04p (12.79p).

At the same time the group *dispatched* a *circular* to *share*holders dealing with tho proposed acquisition of NAP Holdings UK and Noonan, Astley aod Pearce Inc, and details of tha proposed public offering for Tolorate Inc.

The group said that money-broking cperations achieved a satisfactory increase both in commission incomo and profitability; however, the increase in profitability would have been *substantially higher* bad it not been *for* volume discounts to major customers.

Decreases in rates of commission charged reduced the bullion broking profits in 1982 from tho exceptionally high level of profits earned in 1951. Tho group's results were also adversely affecied by start-up costs and initial operating losses of the newly formed Financial Futures operation in London.

In common with other major broking participants says Exco, "we are currently operating this service at a loss and it will require a significant increase in volumes on the London International Financial Futures Exchange before we break even."

The most significant increase in group profits for 1982 arose from operations in North America. Unitel International, in which Exco's interest was increased in April 1982 from 36 per cent to 49.A9 per cent contributed £3.8m including a substantial first time contribution from Telerato Inc.

Exco acquired WICO, its Hong Kong-based *stockbroking* subsidiary, with effect from May 26 1982 "and profits for the year under review include a significant first time contribution from that source. In tha current year WICO's turnover is benefiting from the increased level of activity in the Far Eastern stock markets."

The group said thet its accounts for the first two months of 1983 show an increasing improvemeot in income over the *corresponding period last year.*

Exco, according to the circular, is to increase its borrowing powers from a limit of £54m to £71m by a resolution at an extraordinary general meeting on April 20 called to approve the acquisition programme.

## Higher Pegi stake makes Dunlop into an associate

Pegi, the Malayslan investment group, hes boughi a further 7m shares In Dunlop Holdings, the troubled UK tyre gronp, taking its holding from 17 t: 22 per cent.

Dunlop said yesterday it was not worried at this increase despite the fact that Pegi, and its majority shareholder, Goodyield Plaza, built up their original holding in Dunlop in 1980 in some secrecy. Rumours of a take-over hid prompted the UK Department of Trade to send two inspectors to the Far East that year.

The latest share purchases, which are helieved to heve taken plare in rerent weeks in Singepore, Kuala Lumpur and London, have been made to give the Dunlop Holding associate status in Pegi's accounts.

This is a significant accounting change for Pegi, which does not heve large asset backing, In the light of yesterday'a announcement from Singapore that it proposes making a one-for-two rights issue.

It will issue 24.5m shares of M$1 priced at M$2.20. The funds will be used to reduce group borrowings and raise working capital, Pegi said.

Pegi also proposed a two-for-three hoous issue to shareholders and to all subscribers to the rights issue. This will capitalise M$49.1m from the share premium eccount. It plans to pay an unchanged dividend of 5 per cent gross for both the current and next financial year ending March 31 1984.

Dunlop said yesterday that while it had reached a gentlemen's agreement in 1980 that Pegi would not buy any more shares it had since got to know the compaoy better.

"Wbether yon have 17 or 22 per cent you are e major shareholder. It does not make that much difference," Dunlop said yesterday. One analyst said however that sinre associate status for the Dunlop shares applied from 20 per cent the 22 per cent holding might mean more was at etake.

Dunlop's shares rose 4p to 49p yesterday to value the company at £70.5m.

## Firth builds up stake in Porter Chadburn to 25.3%

BY ROWENA WHELAN

G. M. Firth, run by former Slater lieutenant Mr Ian Wasserman, bas paid £505,385 for 25.3 per cent of the loss-making Porter Chadburn.

Firth has bought 818,292 shares at a price of about 62p over the past few weeks. Porter Chadburn shares have risen by more than 50 per cent this month from 60p to close at 95p yesterday.

Associates of Firth hold a further 125,000 shares (3.9 per ceot).

Firth was not commenting on the purchase yesterday, but it follows a series of deals made since Mr Wesserman took over as cheirman in July 1981, including a takeover of Glasgow-based engineering and service group Rowan and Boden in January.

About half of the Porter shares came from sales by Airlie Consultants, a company owned by the former chairman of its brewery division Porter-Lancastrian.

The share purchase came after a period of expansion for Firth, the Yorkshire based steelbolding and property company, which led to pre-tax profits nearly quadrupling in the first half of *last year to September, from* £37,000 to £144,000 on an increased turnover of £2.49m (£1.47m).

The brewery and marine engioeering manufacturer Porter Chadburn lost £231,000 pre-tax at the interim stage to last July, compared with £53,500 losses. This was on a turnover of £7m (£6.9m) and included reorganisation and redundancy costs of £67,200.

There was no *interim* dividend and the final payment on the previous years taxable loss of £180,789 was 0.35p.

## Mystery group buys 5.69% in Garton Engineering

STOCKBROKERS Raphael Zorn have purchased a 5.69 per cent of Garton Engineering, buying 210,000 ordinary shares for various unnamed buyers acting in concert. The nuts and bolts manufacturer's shares closed at 40p, unchanged for the day.

*Ionian Securities*, acting for Ionian Management Servires, Ionian Investments, Countavons, Upper Beach Properties and Palfreyman Holdings, has reduced holding to 395,000 shares, 10.75 per cent, in a sale of 25,000 ordinary shares.

Garton receotly reported a sharp reduction in its losses for the year ended December from £334,000 to £28,000 on sales increased from £9.7m to £10.6m and chairman, Mr Aubrey Garton, expects a return to profits in 1983.

The company has not paid a dividend since a finel of 1p in 1980 but this is expected to be resumed in 1983.

The Garton family and trust, in association with Primrose Hill Securities, hold £26.63 per cent of the equity.

## Leisure Industries chief welcomes bid approach

Mr Leopold Holzer, chairman and majority sbareholder of snooker table manufacturer **Leisure Industries,** yesterday welcomed the possibility of a bid for tha company.

"I did not put the business on the market hut I am 59 and I personally have no successor. I have two sons but they are in other fields," he said.

Leisure Industries announced on Monday that it was bolding discussions which might lead to e bid.

He declined to identify the company with which talks are being bold but said: "There is a synergy."

Mr Holter and his family own 51 per cent of Leisure Industries. Other directors hold less than 1 per cent.

### GREENALL WHITLEY

On March 28 1983 Treadway Inns Corporation, a wholly-owned U.S. subsidiary of Greenall Whitley, completed the purchase of the Lord Cromwell Hotel and the Knights Inn for $8.15m.

Of the cost $4m is being financed hy the issue of 2.43m ordinary of Greenalls which have been placed through the market.

Balance of cost will be financed by Treadway issuing a loan note to the vendors which will be repayable over 12 years and will bear interest at annual fixed rate of 12 per cent.

### LONDON & SCOTTISH

London and Scottish Finance Corporation has acquired North British Finance—a wholly owned subsidiary of North British Maritime Group.

Consideration for the share capital of NBF and a loan from NBM was satisfied by issue of 300,000 London and Scottish ordinery and £80,000 of a new unquoted 10 per cent subordinate convertible unsecured loan stock 1990.

The loan stock is convertible into London *Scottish* ordinary et 50p per share on March 31 in the yaars 1986-90. This places a value of £197,000 on NBF.

Profits before tax of NBF for the year to March 31 1982 were £105,329 and the net assets were £322,896.

### SELINCOURT

Selincourt subsidiary J. H. Walker has reached agreement to acquire Saluki Fur Fabrics for a consideration of £166,360, payabla in cash.

### LRC/TYNECOLOUR

A subsidiary of LRC International has acquired Tynecolour Holdings. This acquisition expands the geographic coverage of LRC's photographic processing activities into Tyneside. The consideration is £925,000 cash, together with 24,390 new ordinary shares in LRC.

### SOUTHWEST CONS.

States Petroleum, a U.S. subsidiary of Southwest Consolidated Resources, has acquired an interest in four oil and gas properties in Texas for some £2.1m. Three of the properties are operated by Oxoco and tha fourth by Spradley and Phillips.

### ASSOCIATES DEALS

Montagu, Loebl, Stanley has sold on behalf of discretionary *investment* clients *42,500 Crest* International Securities at 11½p.

As an associate of Hanson Trust, Phillips and Drew sold 20,000 stock units in UDS Group for 132p each on March 28 for a discretionary investment client.

## Cope defence takes in profit forecast

BY CHARLES BATCHELOR

Cope Allman, tho packaging, leisure and engineering group, yesterday added a forecast of a pre-tax profit of £2.6m in the six months ending July 2 to its defence against the £23.7m bid from the Dowable consortium.

This follows an £882,000 net loss in the six months ended December 31, 1982 and means Cope expects a profit of at least £1.7m in the current year, compared with *£1.95m the year* before.

"We have seen it before," said the Robert Fleming investment trust group, which is part of the Dowable consortium. "They have forecast e profit recovery before and then made a loss."

Dowable yesterday bought a further 1.25m shares at 60p each, taking its holding to 7.2m shares or 18.2 per cent. The consortium, which has made a 60p cash bid for Cope, also includes British Car Auctions, tha Hawley Group, which has leisure interests, and Lin Pac, the packaging concern.

Cope described Dowable's offar as "wholly nnacceptable" and "opportunistic" in the light of the *recovery showing* through in its results. Following the elimination of most loss-making businesses Cope had net assets on July 3 1982 of £44.8m or 114p per share, nearly twice the offer price, Cope said.

The first half loss *of £882,000* was arrived at after taking into account £2m of operating losses in companies which are not expected to make a loss in the second half.

Steps aro being taken to achieve cost savings of about £1.5m a year following a reduction in the size of the group.

Cope announced an interim dividend of 1p per share and expects to be able to make an "*attractive*" final payment.

It criticised Dowable as being a highly-geared company with only £1m of share capital and £24m of borowings. Dowable has also refused to disclose its plans if its bid were successful.

Cope *said* it was *considering* a number of bids for various parts of the company but denied it would sell parts of the business to create a diversion from the Dowable bid.

Robert Fleming said its offer represented 28 times prospectiva earnings on the basis of Cope's profits forecast and noted the interim dividend was uncovered. It expects to produce a detailed reply within the next few days.

*10p* shares fell 1p to 60p.

### KILLINGHALL

Killinghall Tin (Malaysia) has decided to apply for cancellation of its official listing on the London *Stock Exchange.*

# TECHNOLOGY

EDITED BY ALAN CANE



EXECUTRADE MULTI-MILLION POUND PLAN

## Home and office link

BY ELAINE WILLIAMS

A MULTIMILLION pound plan to offer companies electronic office services is being considered by Executrade, based in London.

Mr Paul de Savary, the company's managing director, has initiated a £150,000 feasibility study on the setting up of a national network of business centres which use the latest in electronic office technology to provide a wide range of business services to all sizes of companies.

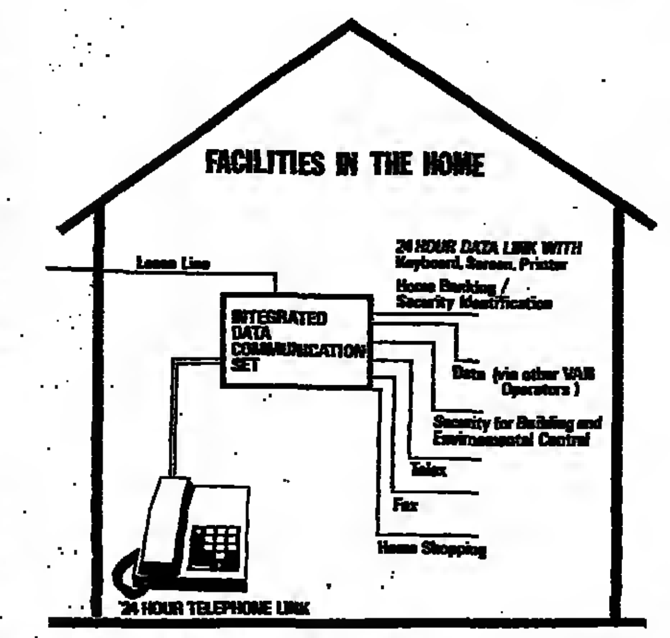
Tho plan is aimed particularly at start np and small companies which cannot afford the high overheads of a permanent office but need secretarial and communications services.

### Advanced

Mr de Savary has already opened a pilot building in London which uses advanced communications facilities, and offors businessmen a wide range of services such as word processing, computing and accounts, message taking, arranging business meetings, organising board room and office accommodation.

In July, the company hopes to operate on a 24 hour basis, and Mr de Savary says that tho application of odvanced technology has made this possible.

The company is presently installing one of Plessey's advanced digital IDX exchanges to form tho heart of its communications services. He plans to instal compnter terminals in subscribers homes so that they have a direct link to all the services offered.




Though there are several organisations in existence which offor various services to business, Mr de Savary said that he was not aware of another company which could provido a private electronic link into the service centre from a subscriber's homo or office.

For the national system Mr de Savary is considering setting up 20 to 30 major centres in larger towns and cities and franchise more than 100 smaller branches.

If the foasibility study is favourable the network could be operating within three years. There is also tho possibility of a similor international notwork.

The next step to which tho company is already committed is to open a second high technology business centre in the City which will cost about £2m.

Apart from the basic office services, Mr de Savary would like to interest companies such as Extel with large information data bases to allow Executrade subscribers to link into their services through some of the centres. Another possibility is building np o software library so that subscribers can carry out a range of business planning and forecasting.

CLEANING

## Runway nutshells

UNTIL a few months ago a little army of cleaners, armed with buckets of water, leathers and polishing cloths had to brave the weather to clean the runway lights at Heathrow Airport.

Now, after extensive tests, Vacu-Blast, the Slough company, believes that it might have a unit which will interest other airport authorities — the RAF has already expressed interest—using ground nutshells as an abrasive medium to blast away the grime, exhaust carbon and aircraft tyre rubber.

Roger Brickwood at Vacu-Blast says that ground up nuts, apparently from Spain, are easily available in the UK and the company's diesel compressor mounted on a flat bed trailer uses only about two to three ounces of nut material per runway lens.

He reckons that the unit is probably saving something like 60 to 70 per cent of time compared with the old method, while the nutty material, being bio-degradable, simply blows away after the cleaning operation with no effect on the runway or grass verges.

Tho unit can, therefore, reduce substantially the time a runway might be out of action in bad weather.

The "Nut Gun" uses four hand held blast guns, in this case designed specifically for Heathrow, attached to 15 metre supply boses.

If you wish to clean your runway lights Roger Brickwood at Vocu-Blost (Woodson House, Ajax Avenue, Slough, Berks, 0753 26511) will be pleased to quoto you a prico about £8,000.

MAX COMMANDER

VIDEO AND FILM BY JOHN CHITTOCK

## 3-D prints as a sure way to stop the conversation

THERE IS a new way of becoming the centre of attraction in any small gathering of people. Tho casual statement: "I have some Nimslo 3D prints in my pocket" is a guaranteed conversation-stopper. Opportunity to see Nimslo prints are still rare enough, and possession of a Nimslo camera—which I hovo been trying out for the past two months — is the pinnacle of showmanship.

After so much pre-publicity, and some confusion surrounding its launch in the U.S. last year, everyone it seems is anxious to really know what the Nimslo system of 3D photographs is really like.

It will satisfy those seeking some novelty in their photography, but as a 3D system of fidelity it has shortcomings which many people might regard as significant.

### Perspectives

The principla on which tho Nimslo camera works has been established for more than 140 years. It uses the conventional basis of stereoscopic photography in which left and right eye images are taken from slightly different perspectives (roughly equal to the buman eye separation — but in Nimslo the spacing is reduced and two pairs from four lenses are used).

For viewing, it is of course essential that each eye will only see images appropriato to the original loft and right eye viewpoints. For this, Nimslo again uses an old idea, originally known as tho parallax stereogram.

In this, the separato left and right eye pictures are vertically sliced into extremely fine strips and interlaced. Over tho surface of the print a plastic screen is embossed with a vory fine lenticular lens system — that is, vertical corrugated strips. Each strip focuses on a vertical picture element when viewed from a particular angle — so that the left aye sees behind each strip a different set of picture elements than those observod from tho slightly displaced viewpoint of tho right eye.

Nimslo prints are thus ombossed with this very fine lenticular system over their surface, but it is fine enough not to be visible. The resulting 3D pictures yield a distinct "cardboard cut-out" effect similar to conventional stereoscopic photographs seen through optical views. The fidelity of the 3D effect seems deficient in o number of ways.

If you move your head when looking at a Nimslo picture, it is possible to see some overlapping of images—an effect which can be slightly irritating. Because four lenses rather than two bave been used, one discrete change of perspective will occur in the picture—but this is so slight and sudden that it really adds little to the impact.

Equally disturbing as well as the overlapping of images are the problems of light reflectance from the surface of the prints. The embossed plastic surface can be a nuisance in causing spurious reflections, and also yields a variation in the brightness of the print, depending on the viewing position.

This problem is not made easior by tho loss of reflected light which appears to occur when looking at o Nimslo print: because left and right oyo pictures effectively use only half tho total print area, it is probable that there are significant light losses on reflection so that they seem duller than conventional photographs.

Another curious problem is the loss of dopth of field. Tho camera bas fixed focus lenses and yields a depth of field from 6ft to infinity. In the making of prints at the Atlanta laboratories, ono subject plane is identified as the most important and anything in front of or beyond this is progressively less sharp—sometimes to a disturbing degree.

### Negligible

This effect is probably caused by tho need for the viewer to fuse (ie converge the eyes) on one distance plane only—with the consequence that others cannot be fused and appear blurred.

To get the best out of a Nimslo camera requires some skill in recognising these difficulties and knowing how to maximise 3D effects. For examplo, foreground subjects will enhance the 3D impression; landscapes have negligible depth that the human eyes can soparate. Nimslo pictures of people in mid-foreground thus work bettor, even if they do look rather like a photomontage of hardboard cut-outs.

The Nimslo 3-D camera

My own efforts with the camera range from disappointing to passable, with about four to five pictures of some impact. Larger specimens which Nimslo bave shown to mo oro better and quite impressive.

As a final test, I asked a Mr Average Person to try it out—tho barman at The Arts Club in London (in fact, a keen amateur photographer). His results, all portrait groups, are very disappointing and would be unlikely to inspire many to pay £129.95—which is the expected price of the camera when it becomes available in the UK next month.

The Nimslo system will obviously havo somo novolty appeal, but it is difficult to imagine this form of 3D sustaining a major impact on photography in the future. Tho route to that goal must lie in holograph, which is progressively moving out of the laboratory and into the public domain.

London, for examplo, now has a permanont exhibition of holography in Covent Garden called Light Fantastic. The company running this is also beginning to undartake commercial commissions—such as for W B Pharmaceuticals for publicising an inhaler to doctors, and a picture of a Perrier bottle (a la Warhol's Campbell soup can).

Holography was first conceived in Britain in 1947 by Dr Dennis Gabor, and the UK is still one of the world leaders in holography, with individuals such as Nick Phillips and Margaret Benyon acknowledged as front runners. Colleges such as Goldsmith's and Loughborough have also established international reputations in the science.

Many small companies are pushing ahoad with commercial developments, such as a West London company called New Holographic Design. This company is about to launch a white light transmission holography system that promises really good quality 3D pictures for display and educational purposes.

### Possibility

Holograms are still very complicated to originate and the technology has yet to reach its final goal of full colour pictures viewoblo by daylight. Progress is being made, such as with white light holograms in monochrome—viewed by a point source light — which are now commonplace.

Within 10 yoars, the goal of inexpensiva colour prints may be reached. Already mass-produced copies of holograms are a possibility, using plastic embossing technoques rather than photographic copying.

Nimslo offers the consumer a simple answer to 3D photography. For genuine 3D photographs, where the viewer can see round the object when moving his viewpoint, only holography offers the ultimate solution.

Lathes

## Slant bed range

THE FIRST of a range of CNC slant bed lathes has been launched by Moog Controls in the UK. Moog bopes to make an impact in the turning sector of the machine tool industry though traditionally the company has specialised in NC and CNC machining centres.

The new lathe has a 250mm chuck capacity and, a spindle power of 25 hp constant power. The standard tool turret has 12 stations and can accept tools of 20 mm square section More details on this equipment can be obtained on 0242 35521.

Circuit boards

## Miniature fuses

The smallest standard fuse available anywhere in the world is the claim for the new Tinitron Sub-miniature range from Bussmann Fuse Company in the UK. Designed for printed circuit board applications, tha fuses are 7.1mm long and available in 18 amperages from 1/16A to 10A (125 volts). Details froto Bussman Fuse, 15 Moor Park Avenue, Preston, Lancs. 0772 561581).

Packages

## Sophisticated features

A WORD processing package for the Commodore 8000 and 64 computers has been introduced by Kobra Micro Marketing, Henley-on-Thames. In addition to the normal word processing facilities such as text revision, merging, and text formatting tho software also has features found more often on the more sophisticated systems. The cost of the software is £149 for the 8000 and £86 for the 64 machine. Details on 01-249 6044.

## Counter

A LOW-COST frequency counter capable of measuring from 5 MHz to 650 MHz has been introdnced by GSC. The instrument, called the Model 6000, incorporates an easy-to-read, eight-digit display. More on 0799 21682.

# BOND DRAWINGS

### JUTLAND TELEPHONE COMPANY LIMITED
### 5¾% U.S.$ Bonds of 1964

S.G. WARBURG & CO. LTD., announce that Bonds for a nominal value of U.S.$666,000 (First Series) and U.S.$333,000 (Second Series) have been drawn for the redemption instalment due 1st May, 1983.

The distinctive numbers of the Bonds drawn in the presence of a Notary Public are as follows:—

First Series

| | | | | |
|---|---|---|---|---|
| 5361 | 5372 to 5376 | 5378 5379 | 5382 to 5384 | 5387 5410 |
| 5416 5481 | 5518 | 0070 to 5580 | 0599 5600 | 5602 5603 |
| 5605 5607 | 5609 5610 | 5612 to 5615 | 5618 to 5625 | 5629 to 0631 |
| 5634 to 5636 | 5638 to 5658 | 5660 to 5662 | 5664 to 5667 | 5672 to 5677 |
| 5685 to 6702 | 5709 to 0711 | 8784 5785 | 5821 5822 | 5842 5843 |
| 5866 to 5895 | 5947 5948 | 5850 to 5952 | 5954 5856 | 5957 5958 |
| 5963 to 5966 | 5974 | 0096 to 8101 | 6118 to 8125 | 6128 to 8161 |
| 8187 to 8200 | 6230 to 6232 | 8242 to 6250 | 8200 to 8261 | 8263 6300 |
| 6336 6380 | 6385 to 6389 | 6391 | 6406 to 5410 | 6412 to 6423 |
| 6420 to 6428 | 6430 to 5435 | 6437 to 6439 | 6441 to 6443 | 6446 to 6448 |
| 6451 6452 | 6462 to 6469 | 6471 6472 | 6494 to 8501 | 6506 to 6560 |
| 6568 8592 | 8593 6605 | 6620 | 6624 to 6628 | 8632 6633 |
| 6637 to 6643 | 5681 to 6663 | 6660 | 6668 to 8883 | 6688 to 6692 |
| 6694 6714 | 6737 to 6740 | 6742 to 6770 | 6785 6785 | 8789 |
| 6794 to 6798 | 6800 | 6811 to 6814 | 8819 8820 | 6850 8861 |
| 6926 | 8926 to 6935 | 6943 to 6948 | 8905 to 6958 | 7006 to 7010 |
| 7026 7027 | 7078 to 7080 | 7082 | 7111 to 7114 | 7174 7196 |
| 7187 7210 | 7218 to 7216 | 7230 to 7230 | 7237 to 7262 | 7268 7270 |
| 7273 to 7278 | 7282 to 7280 | 7292 to 7290 | 7331 7348 | 7348 7349 |
| 7361 to 7356 | 7371 | 7375 to 7380 | 7383 to 7401 | 7404 7405 |
| 7414 to 7418 | 7449 to 7463 | 7456 7463 | 7464 | 7469 to 7483 |
| 7011 to 7815 | 7517 to 7022 | 7590 to 7599 | 7630 7631 | 7633 to 7630 |
| 7708 to 7711 | 7743 7744 | 7764 7787 | 7786 7827 | 7840 to 7843 |
| 7855 to 7857 | 7860 7861 | 7873 7884 | 7890 | 7894 to 7898 |
| 7927 7991 | 7992 7994 | 7987 to 8006 | 8010 to 8016 | |

Second Series

| | | | | |
|---|---|---|---|---|
| 800 829 | 888 889 | 898 899 | 877 to 881 | 963 to 991 |
| 1028 to 1045 | 1056 to 1065 | 1074 1070 | 1131 | 1150 to 1156 |
| 1167 1291 | 1298 to 1302 | 1457 to 1463 | 1471 1480 | 1494 |
| 1756 to 1761 | 1784 to 1787 | 1884 1885 | 1934 1935 | 1884 to 1886 |
| 2027 | 2058 to 2062 | 2103 | 2107 to 2109 | 2113 to 2110 |
| 2142 2161 | 2155 to 2157 | 2100 | 2189 to 2173 | 2178 to 2180 |
| 2182 to 2184 | 2181 2209 | 2216 | 2217 to 2218 | 2221 2224 |
| 2225 | 2231 to 2235 | 2271 2279 | 2280 | 2299 to 2306 |
| 2353 2354 | 2476 to 2480 | 2498 2502 | 2503 | 2520 to 2527 |
| 2054 2567 | 2596 2597 | 2608 to 2613 | 2624 to 2630 | 2644 to 2648 |
| 2650 to 2656 | 2662 2663 | 2670 to 2673 | 2670 2678 | 2680 2686 |
| 2681 to 2703 | 2710 to 2710 | 2729 to 2737 | 2739 to 2741 | 2747 to 2749 |
| 2760 to 2768 | 2784 | 2790 to 2794 | 2820 to 2828 | 2855 |
| 2866 to 2872 | 2883 2884 | 2912 to 2917 | 2918 2923 | 2926 to 2930 |
| 2939 2940 | 2959 2960 | 2986 2990 | 3026 3027 | 3031 |
| 3032 to 3036 | 3043 to 3050 | 3054 3073 | 4307 to 4311 | 4312 |
| 4315 to 4318 | 4344 to 4347 | 4360 to 4368 | 4371 to 4372 | |

On 1st May, 1983 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st May, 1983 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$676,000 nominal Bonds (First Series) and U.S.$338,000 nominal Bonds (Second Series) will remain outstanding after 1st May, 1983.

The following Bonds drawn for redemption on the date stated below have not as yet been presented for payment.

1st May, 1982.
1st Series

3746 3747 3759 3896 4774 4940 4941 5348 5349 5300 5351 5352

30, Gresham Street, London, EC2P 2EB — 30th March, 1983

### CITY OF TURIN
### U.S.$10,000,000 9% Bonds 1991

S.G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.$500,000 due 1st May, 1983 has been met by purchases in the market to the nominal value of U.S.$262,000 and by a drawing of Bonds to the nominal value of U.S.$238,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 18 | 89 | 119 | 153 | 195 | 225 | 284 | 342 | 359 | 470 |
| 614 | 566 | 636 | 667 | 093 | 744 | 779 | 806 | 852 | 889 |
| 841 | 1011 | 1083 | 1130 | 1209 | 1267 | 1304 | 1334 | 1409 | 1462 |
| 1501 | 1542 | 1850 | 1708 | 1743 | 1787 | 1795 | 1876 | 1910 | 1880 |
| 2080 | 2154 | 2270 | 2322 | 2394 | 2500 | 2564 | 2621 | 2668 | 2706 |
| 2744 | 2779 | 2810 | 2890 | 2931 | 2967 | 3072 | 3133 | 3241 | 2266 |
| 3326 | 3390 | 3415 | 3482 | 2530 | 3681 | 3752 | 2813 | 3847 | 3888 |
| 2914 | 3939 | 2960 | 3991 | 4018 | 4082 | 4225 | 4298 | 4302 | 4380 |
| 4406 | 4433 | 4471 | 4513 | 4552 | 4619 | 4644 | 4690 | 4793 | 4910 |
| 4944 | 4971 | 4995 | 9041 | 8112 | 5182 | 5231 | 0261 | 6286 | 5324 |
| 5393 | 5421 | 5454 | 5482 | 5589 | 5614 | 5643 | 5686 | 5710 | 0736 |
| 0764 | 5801 | 5832 | 5860 | 5914 | 5940 | 5870 | 5994 | 8022 | 8047 |
| 6084 | 6111 | 8139 | 6170 | 8222 | 6348 | 6392 | 6418 | 6452 | 8509 |
| 6570 | 8596 | 6621 | 6869 | 8739 | 6805 | 6807 | 8943 | 6990 | 7021 |
| 7107 | 7141 | 7180 | 7215 | 7240 | 7265 | 7289 | 7310 | 7382 | 7465 |
| 7820 | 7844 | 7870 | 7894 | 7920 | 7944 | 7969 | 7994 | 8021 | 8044 |
| 8070 | 8093 | 8121 | 8144 | 8171 | 8193 | 8220 | 8244 | 8270 | 8295 |
| 8320 | 8343 | 8370 | 8394 | 8420 | 8444 | 8469 | 8494 | 8520 | 8544 |
| 8569 | 8593 | 8620 | 8644 | 8669 | 8693 | 8719 | 8744 | 8769 | 8793 |
| 8819 | 8843 | 8867 | 8883 | 8919 | 8944 | 8967 | 8992 | 9019 | 9043 |
| 9070 | 9082 | 8110 | 9143 | 9169 | 9193 | 9218 | 8242 | 9269 | 8292 |
| 9320 | 8342 | 9367 | 9392 | 9419 | 9443 | 9467 | 9491 | 9018 | 9542 |
| 8569 | 9592 | 9616 | 9642 | 9567 | 9691 | 9719 | 9741 | 9767 | 8791 |
| 9816 | 9844 | 9866 | 8893 | 9916 | 9943 | 9987 | 9992 | | |

On 1st May, 1983 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st May, 1983 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$4,000,000 nominal Bonds will remain outstanding after 1st May, 1983.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment.

1st May, 1978
162 2780

1st May, 1982
2787 2806

30, Gresham Street, London, EC2P 2EB — 30th March, 1983

# COMPANY NOTICES

### SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS
S.N.C.F.

US 50,000,000 13¼ PER CENT GUARANTEED NOTES DUE 1987

Notice is hereby given that pursuant to condition 2(C) of the terms and conditions of the issue the total US$50,000,000 principal amount of the notes are to be redeemed on 30 April 1983 at 103½ per cent of the principal amount. Payment will be made upon presentation and surrender of the notes together with coupon 4 and all subsequent coupons at the office of the principal paying agent, Chemical Bank, 180 Strand, London WC2R 1ET or at any of the following sub paying agents, Chemical Bank, Brussels, Paris, Frankfurt, New York, and Banque Internationale a Luxembourg SA, Luxembourg.

Interest on the Bonds will cease to accrue from 30 April 1983 interest of US 687-50 due on coupon 3 of the issue will be paid in accordance with the terms and conditions of the issue.

Dated 29th March 1983

Chemical Bank, London as fiscal agent

NOTICE TO DEBENTURE HOLDERS

### NEWFOUNDLAND AND LABRADOR HYDRO

9¼% DEBENTURES OF 1978 DUE MARCH 15, 1986

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Debenture holders that no Bonds have been purchased for the Purchase Fund during the twelve-month period from March 13, 1982 to March 14, 1983.

Amount outstanding:
U.S.$23,107,000.

NEWFOUNDLAND & LABRADOR HYDRO

March 30, 1983

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
45 Queens Road, Oldham
Greater Manchester

ANNUAL GENERAL MEETING of the above Society will be held at the Registered Office on Tuesday, 19th April 1983 at 11.45 a.m.

AGENDA

1. To receive the Report of the Committee of Management and the Accounts for the year ended 31st December 1982.
2. To elect a member to the Committee of Management. (Nominations must be sent in writing to the Registered Office to be received there at least two days before the date of the Meeting.)
3. To accept the Report and Recommendations contained in the Actuarial Valuation of Funds as at 31st December 1982.
4. Appointment of Auditors.
5. To approve Table F.I.B.—Family Income Benefit.

(Signed) O.R. REES
Secretary.

KLEINWORT BENSON
INTERNATIONAL FUND N.V.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 14th APRIL 1983

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of Kleinwort Benson International Fund N.V. will be held at the office of the company, De Ruyterkade 62, Curacao (Netherlands Antilles), on Thursday 14th April 1983, at 10.00 hours (local time) for the purpose of:

1. Approving the company's statement of assets and liabilities as at December 31st 1982 and its statement of income and expenses for the year ended 31st December 1982.
2. Approving the declaration of a dividend payment of 40% equal to US$0.40 per share.
3. Approving the transfer of US$73,955 from capital reserve.
4. To ratify the appointment of Messrs. Coopers and Lybrand S.A., Geneva, as the auditors of the company for the year ending 31st December 1983.
5. To transact such other business as may properly come before the meeting.

Holders of bearer shares wishing to exercise their rights at the meeting should deposit their shares with Kleinwort, Benson (Geneva) S.A., Place du Rhône 2, 1211 Geneva 11 (Switzerland), or at any other bank which is acceptable to Kleinwort, Benson (Geneva) S.A., not later than 17.00 hours (local time) on 8th April 1983 against receipt thereof, which receipt will entitle said shareholder to exercise such rights.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares, obtained from Kleinwort, Benson (Geneva) S.A., or any other bank that is acceptable to the aforesaid bank, to Kleinwort, Benson (Geneva) S.A., Place du Rhône 2, 1211 Geneva 11 (Switzerland). Holders of registered shares may also vote by proxy by means of a form of proxy, obtained and filed in the manner described in the preceding sentence. Proxies and/or certificates of deposit must be received by Kleinwort, Benson (Geneva) S.A., not later than 17.00 hours (local time) on 8th April 1983 in order to be used at the meeting.

Curacao,
25th March 1983.



# PARLIAMENTARY NOTICE

IN PARLIAMENT
SESSION 1982-83
STANDARD CHARTERED MERCHANT BANK

NOTICE IS HEREBY GIVEN that application is being made to Parliament in the present Session by Standard Chartered Merchant Bank Limited (hereinafter referred to as "SCMB") for an Act under the above name or short title for [illegible]

DATED 23rd March, 1983.

SLAUGHTER AND MAY
35 Basinghall Street
London EC2V 5DB.
Solicitors.

SHERWOOD & CO
Queen Anne's Chambers
3 Dean Farrar Street
Westminster London
SW1H 9LG
Parliamentary Agents.

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

# TRADED OPTIONS

## EUROPEAN OPTIONS EXCHANGE

| Series | | June Vol. | June Last | Sept. Vol. | Sept. Last | Dec. Vol. | Dec. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| D/FL C | F.265 | 7 | 9 | 5 | 11.50 | — | — | F.273.86 |
| D/FL C | F.270 | 3 | 6 | — | — | — | — | " |
| D/FL C | F.275 | 9 | 0 | — | — | — | — | " |
| D/FL C | F.280 | 3 | 1.80 A | — | — | — | — | " |
| D/FL P | F.250 | 15 | 8 | — | — | — | — | " |
| D/FL P | F.255 | 1 | 4.50 | 1 | 7.50 A | 5 | 16.50 | " |
| D/FL P | F.270 | 1 | 5 A | — | — | — | — | " |
| D/FL P | F.275 | 1 | 8 A | — | — | 2 | 18 | " |
| | | May | | Aug. | | Nov. | | |
| GOLD C | $400 | — | — | — | — | 58 | 58 | $415.50 |
| GOLD C | $425 | 65 | 14 | — | — | — | — | " |
| GOLD C | $450 | 52 | 7 | 53 | 19.50 | — | — | " |
| GOLD C | $470 | 6 | 4 | 22 | 18 | — | — | " |
| GOLD C | $500 | — | — | 30 | 9 | 2 | 12 | " |
| GOLD C | $550 | 20 | 1 | — | — | 2 | 15.60 | " |
| GOLD P | $350 | 9 | 2.60 | — | — | — | — | " |
| GOLD P | $375 | 5 | 5.10B | — | — | — | — | " |
| GOLD P | $400 | 54 | 12 | — | — | — | — | " |
| GOLD P | $425 | 14 | 25 | 1 | 27.50 | 53 | 33 A | " |
| GOLD P | $450 | 5 | 40 | — | — | 25 | 45.50 | " |
| GOLD P | $475 | — | 61 | — | — | — | — | " |
| 12¾ NL 61 87-91 | | | | | | | | |
| C | F.127.50 | 5 | 5.20 | — | — | — | — | F.133.30 |
| C | F.130 | 50 | 2.80 | — | — | — | — | " |
| C | F.135 | 31 | 6.50 | 600 | 1.50 | 5 | 2 | " |
| P | F.155 | 5 | 2.60 | — | — | — | — | " |
| 10¾ NL 60 86-90 | | | | | | | | |
| C | F.115 | — | — | 100 | 1.50 | — | — | F.113.50 |
| 11¼ NL 52 88-92 | | | | | | | | |
| C | F.112.50 | 15 | 5 | — | — | — | — | F.115.90 |
| 10 NL 82-11 86-89 | | | | | | | | |
| C | F.110 | 53 | 1 | — | — | — | — | F.116.70 |
| 7¾ NL 82-88-93 | | | | | | | | |
| C | F.102.50 | 15 | 6.30 | — | — | 255 | 1.20 | F.100.70 |
| P | F.100 | — | — | 700 | 2 | — | — | " |
| P | F.102.50 | 11 | 3 | — | — | — | — | " |
| 7½ NL 83 87-90 | | | | | | | | |
| C | F.100 | 60 | 0.40 | 205 | 1.16 | — | — | F.99.70 |
| P | F.100 | 100 | 1.26 | — | — | — | — | " |
| | | April | | July | | Oct. | | |
| AKZO C | F.50 | 114 | 5.70 | 77 | 8 | — | — | F.55.90 |
| AKZO C | F.55 | 81 | 2.80 | 42 | 6.10 | — | — | " |
| AKZO C | F.60 | — | — | 119 | 4 | 119 | 5 | " |
| AKZO P | F.45 | 460 | 0.10 | — | — | — | — | " |
| AKZO P | F.50 | — | — | 64 | 2.30 | — | — | " |
| AKZO P | F.55 | 270 | 1 | — | — | — | — | " |
| AMRO C | F.50 | — | — | 52 | 10.20 | — | — | F.59.80 |
| AMRO C | F.55 | — | — | 85 | 6.50 | 37 | 8 | " |
| AMRO C | F.60 | — | — | 144 | 3.90 | 75 | 6 | " |
| AMRO P | F.45 | 80 | 0.10 | — | — | — | — | " |
| AMRO P | F.50 | — | — | 60 | 1.10 | — | — | " |
| AMRO P | F.55 | — | — | — | — | 40 | 6 | " |
| GIST C | F.150 | 80 | 15 A | 73 | 16 | — | — | F.158.50 |
| GIST P | F.130 | — | — | 150 | 1.30 | — | — | " |
| GIST P | F.150 | 35 | 2 | — | — | — | — | " |
| HOOG C | F.25 | — | — | 112 | 2.50 | 44 | 6.50 | F.24.16 |
| KLM C | F.160 | 36 | 6.70 | 57 | 12.50 | — | — | F.151 |
| KLM C | F.170 | 518 | 2 | 64 | 6 | — | — | " |
| KLM P | F.110 | — | — | 74 | 1.50 | — | — | " |
| KLM P | F.140 | — | — | 46 | 6.50 | — | — | " |
| KLM P | F.150 | — | — | 95 | 9.50 | — | — | " |
| KLM P | F.160 | — | — | 51 | 14 | — | — | " |
| NEDL P | F.90 | 100 | 0.50 | — | — | — | — | F.104.76 |
| NATN C | F.140 | 8 | 8.50 | 19 | 10.50 | 38 | 14 | F.147 |
| PHIL C | F.27.50 | 65 | 10.70 | 1 | 15.50B | — | — | F.45.30 |
| PHIL C | F.30 | 111 | 10.10 | 46 | 15.10 | 4 | 10 | " |
| PHIL C | F.32.50 | 801 | 10.50 | 129 | 10.70 | 65 | 10.90 | " |
| PHIL C | F.35 | 235 | 8.10 | 218 | 8.50 A | 25 | 8.80 | " |
| PHIL C | F.40 | 421 | 0.80 | 590 | 4.80 | 76 | 6.50 | " |
| PHIL C | F.45 | — | — | 642 | 2.90 | 411 | 3.90 | " |
| PHIL P | F.40 | 94 | 0.50 | 80 | 1.60 | 76 | 2.20 | " |
| PHIL P | F.45 | — | — | 38 | 3.50 B | — | — | " |
| RD C | F.90 | 94 | 15.50 | 122 | 16.50 | 43 | 17.20 | F.105.20 |
| RD C | F.100 | 344 | 5.20 | 180 | 8.60 | 65 | 10.50 | " |
| RD C | F.110 | 280 | 1.40 | 166 | 4.30 | 171 | 6.80 | " |
| RD P | F.100 | 260 | 0.80 | 35 | 3.60 | 4 | 3.60 | " |
| RD P | F.110 | — | — | 72 | 6.80 | 2 | 13 | " |
| UNIL C | F.200 | 66 | 16.80 | 23 | 19 | — | — | F.215.90 |
| UNIL C | F.220 | 126 | 5 | 43 | 9 | 16 | 15.50 | " |
| | | May | | Aug. | | Nov. | | |
| SIEM C | DM320 | — | — | 49 | 21 B | — | — | DM315.50 |

TOTAL VOLUME IN CONTRACTS 12,982

A=Asked B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

| Option | | Calls April | Calls July | Calls Oct. | Puts April | Puts July | Puts Oct. |
|---|---|---|---|---|---|---|---|
| BP (USP 518) | 260 | 60 | — | — | 1 | — | — |
| " " | 280 | 40 | — | — | 2 | — | — |
| " " | 300 | 20 | 38 | 44 | 4 | 11 | 18 |
| " " | 330 | 5 | 13 | 22 | 18 | 25 | 28 |
| " " | 360 | 1 | 3 | — | 44 | 44 | — |
| CGF (USP 469) | 390 | — | 116 | — | 1½ | 4 | — |
| " " | 420 | 70 | 84 | — | 2 | 9 | — |
| " " | 460 | 35 | 55 | 65 | 7 | 20 | 27 |
| " " | 500 | 21 | 38 | 45 | 27 | 35 | 45 |
| " " | 550 | 4 | 17 | 25 | 64 | 57 | 72 |
| " " | 600 | 1 | 8 | 12 | — | 117 | — |
| CTD (USP 94) | 70 | 25 | 27 | 29 | 1 | 1½ | 3 |
| " " | 80 | 13 | 17 | 18 | 1 | 2½ | 4 |
| " " | 90 | 5 | 8 | 13 | 1½ | 4 | 6 |
| " " | 100 | 1½ | 4½ | 6½ | 7 | 11 | 13 |
| CUA (USP 160) | 120 | 18 | 16 | 23 | 1 | 3 | 4 |
| " " | 130 | 5 | 11 | 15 | 4 | 7 | 16 |
| " " | 140 | 2 | 6 | 11 | 12 | 16 | 18 |
| " " | 160 | 1 | 3 | 5 | 31 | 32 | 33 |
| GEC (USP 202) | 180 | 28 | 54 | 42 | 1 | 3 | 8 |
| " " | 197 | 11 | — | — | 4 | — | — |
| " " | 200 | — | 18 | 26 | — | 11 | 17 |
| " " | 217 | 6 | — | — | 12 | — | — |
| " " | 220 | — | 16 | 17 | — | 24 | 52 |
| " " | 237 | 0¼ | — | — | 37 | — | — |
| " " | 240 | — | 5 | — | — | 40 | — |
| " " | 260 | 3¼ | 4 | — | 50 | 50 | — |
| GM (USP 327) | 240 | — | — | — | 1 | — | — |
| " " | 260 | 69 | — | — | 1 | — | — |
| " " | 280 | 49 | 60 | — | 1 | 0 | — |
| " " | 300 | 30 | 41 | — | 2 | 6 | — |
| " " | 330 | 6 | 28 | 28 | 2 | 18 | 21 |
| " " | 360 | 1½ | 11 | 13 | 33 | 38 | 40 |
| " " | 390 | 1 | 5 | 9 | — | 53 | 68 |
| ICI (USP 598) | 280 | — | — | — | 1 | — | — |
| " " | 300 | 102 | 130 | — | 1 | — | — |
| " " | 330 | 72 | 80 | — | 1 | 0 | — |
| " " | 360 | 48 | 50 | 50 | 2 | 8 | 16 |
| " " | 390 | 18 | 34 | 44 | 6 | 13 | 18 |
| " " | 420 | 4 | 18 | 22 | 24 | 36 | 34 |
| LS (USP 616) | 240 | — | — | — | 1 | — | — |
| " " | 260 | 52 | 64 | 69 | 1 | 3 | — |
| " " | 280 | 38 | 44 | 48 | 2 | 5 | 8 |
| " " | 300 | 12 | 26 | 35 | 3 | 12 | 10 |
| " " | 330 | 3 | 11 | 16 | 16 | 23 | 26 |
| M & S (USP 193) | 160 | 55 | — | — | 1½ | — | — |
| " " | 180 | 17 | 25 | 51 | 3 | 3 | 10 |
| " " | 200 | 5 | 15 | 28 | 21 | 17 | 20 |
| " " | 220 | 1 | 6 | 10 | 56 | 52 | 35 |
| " " | 240 | 1 | 3 | — | 49 | 48 | — |

| Option | | Calls Apr. | Calls Jul. | Calls Oct. | Puts Apr. | Puts Jul. | Puts Oct. |
|---|---|---|---|---|---|---|---|
| SHL (USP 442) | 360 | 86 | — | — | — | — | — |
| " " | 390 | 56 | 65 | 72 | 1 | 3 | 9 |
| " " | 420 | 25 | 40 | 48 | 5 | 11 | 17 |
| " " | 460 | 4 | 18 | 24 | 24 | 30 | 38 |

| Option | | Calls May | Calls Aug. | Calls Nov. | Puts May | Puts Aug. | Puts Nov. |
|---|---|---|---|---|---|---|---|
| BBL (USP 461) | 360 | 108 | 115 | — | 1 | 2 | — |
| " " | 390 | 78 | 85 | — | 2 | 3 | — |
| " " | 420 | 50 | 57 | 70 | 3 | 8 | 14 |
| " " | 460 | 18 | 28 | 43 | 17 | 23 | 35 |
| " " | 500 | 6 | 16 | 30 | 43 | 48 | 56 |
| IMP (USP 109) | 90 | 21 | — | — | 1 | — | — |
| " " | 100 | 13 | — | — | 2 | — | — |
| " " | 110 | 7 | 11 | 13 | 4 | 8 | 8 |
| " " | 120 | 3½ | 5 | 8 | 12 | 13 | 15 |
| " " | 130 | 1½ | 3 | 6 | 22 | 22 | 23 |
| LMO (USP 220) | 210 | 25 | 38 | 45 | 8 | 18 | 22 |
| " " | 230 | 13 | 28 | 38 | 20 | 25 | 30 |
| " " | 250 | 6 | 13 | 28 | 32 | 37 | 42 |
| " " | 270 | 3 | 10 | 17 | 50 | 55 | 60 |
| " " | 290 | 1 | 4 | — | 70 | 75 | — |
| " " | 320 | 1 | 3 | — | 100 | 100 | — |
| " " | 350 | 1 | — | — | 130 | — | — |
| " " | 380 | 2 | — | — | 160 | — | — |
| LNR (USP 83) | 80 | 8 | 9½ | 19 | 2½ | 5½ | 7 |
| " " | 90 | 5 | 5 | 7 | 2 | 11 | 13 |
| " " | 100 | 0¾ | 2½ | 3½ | 18 | 20 | 23 |
| P & O (USP 140) | 100 | 43 | 44 | — | 0½ | 1 | — |
| " " | 110 | 33 | 34 | — | 1 | 2 | — |
| " " | 120 | 23 | 24 | 26 | 1 | 4 | 7 |
| " " | 130 | 15 | 18 | 20 | 2 | 7 | 10 |
| " " | 140 | 8 | 10 | 16 | 6 | 20 | 16 |
| " " | 160 | 2 | 4 | 8 | 21 | 27 | 28 |
| RCL (USP 429) | 420 | 28 | 44 | 57 | 16 | 18 | 25 |
| " " | 460 | 11 | 22 | 32 | 37 | 40 | 46 |
| " " | 500 | 3 | 16 | 18 | 74 | 74 | 78 |
| " " | 550 | 2 | 4 | — | 124 | 124 | — |
| " " | 600 | 1 | 2 | — | 174 | 174 | — |
| " " | 650 | 1 | — | — | 224 | — | — |
| RTZ (USP 512) | 390 | 125 | — | — | 1 | — | — |
| " " | 420 | 95 | 100 | — | 2 | — | — |
| " " | 460 | 57 | 87 | — | 7 | 14 | — |
| " " | 500 | 32 | 46 | 67 | 18 | 30 | 40 |
| " " | 550 | 10 | 22 | 36 | 47 | 55 | 62 |
| VRF (USP 894) | 60 | — | — | — | 1 | — | — |
| " " | 55 | — | — | — | 1 | — | — |
| " " | 50 | — | — | — | 1 | — | — |
| " " | 70 | — | — | — | 1 | — | — |
| " " | 80 | — | — | — | 5 | — | — |
| " " | 90 | 10½ | 15 | 17 | 6½ | 9 | 11½ |
| " " | 100 | 5 | 10 | 12½ | 11½ | 14 | 16 |
| " " | 110 | 3 | 7 | 2½ | 17 | 19 | 21½ |
| " " | 120 | 2 | 5 | 6½ | 25½ | 25½ | 26½ |
| " " | 130 | 1 | 3 | 4½ | 55½ | — | 36½ |
| " " | 140 | 0¾ | 2 | 3 | — | — | — |

Mar. 29 Total Contracts 1,069 Calls 664 Puts 405

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# INSURANCE & OVERSEAS MANAGED FUNDS

**Barclays Life Assur. Co. Ltd.—cont.**

| | | | | |
|---|---|---|---|---|
| Income Accum | 105.1 | 110.7 | -0.6 | - |
| Do Initial | 103.9 | 109.4 | -0.5 | - |
| Man. Pens. Accum | 227.8 | 239.8 | +1.1 | - |
| Do Initial | 191.9 | 202.0 | +1.0 | - |
| Gilt Edg Pens Accum | 195.8 | 206.2 | -0.9 | - |
| Do Initial | 159.2 | 167.6 | -0.9 | - |
| Money Pens Accum | 177.2 | 186.6 | +0.3 | - |
| Do Initial | 145.6 | 153.3 | +0.2 | - |

**Black Horse Life Ass. Co. Ltd.**
71, Lombard St, EC3 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd | | 220.02 | | - |
| Managed Inv Fd | 149.52 | 157.39 | | - |
| Property Fd | 145.74 | 153.42 | | - |
| Fixed Interest Fd | 136.62 | 143.82 | | - |
| Cash Fd | 131.76 | 138.70 | | - |
| Income Fd | 154.17 | 162.29 | | - |
| Extra Income Fd | 142.35 | 149.85 | | - |
| Worldwide Growth Fd | 201.45 | 212.06 | | - |
| Balanced Fd | 162.18 | 170.68 | | - |
| Smlr Co's & Recv Fd | 194.48 | 204.72 | | - |
| Int. Technology Fd | 233.16 | 245.44 | | - |
| Nth. Amer. & Gen. Fd | 149.45 | 157.32 | | - |
| Energy Int. Fd | 89.48 | 94.19 | | - |
| Pacific Basin Fund | 118.97 | 125.24 | | - |

**British National Life Assurance Co. Ltd.**
Harlands Rd, Haywards Heath 0444 474113

| | | | | |
|---|---|---|---|---|
| Equity | 94.4 | 99.4 | | - |
| International | 114.4 | 120.4 | | - |
| Property | 105.2 | 110.7 | | - |
| Deposit | 96.3 | 101.3 | | - |
| Fixed Interest | 95.7 | 100.1 | | - |
| Managed | 103.1 | 108.5 | | - |
| Equity Pens Cap | 93.4 | 98.3 | | - |
| Intnl. Pens. Cap | 119.1 | 125.4 | | - |
| Property Pens Cap | 107.1 | 112.7 | | - |
| Deposit Pens Cap | 95.7 | 100.8 | | - |
| Fixed Int Pens Cap | 94.4 | 99.3 | | - |
| Managed Pens Cap | 104.6 | 110.1 | | - |

**Canada Life Group**
2-6, High St., Potters Bar, Herts. P. Bar 51122

| | | | | |
|---|---|---|---|---|
| Equity Gth March 1 | | 85.2 | | - |
| Rtmt. Fed. Feb 8 | | 224.6 | | - |
| Managed Pen Fund | 170.1 | 179.0 | | - |
| Property Pen Fund | 110.3 | 116.1 | | - |
| Index Lnkd Pen Fund | 118.9 | 125.2 | | - |
| Managed | 110.5 | 116.4 | -0.2 | - |
| Property | 97.9 | 103.1 | | - |
| Gilt and Fixed Interest | 97.7 | 102.9 | -0.2 | - |

**G.T. Management Ltd.**
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 125.4 | 132.1 | -0.5 | - |
| GT Pln High Yld Fnd | 110.6 | 116.5 | -0.6 | - |
| GT Plan Far East Fnd | 99.8 | 105.1 | -0.3 | - |
| GT Pln N Am Fund | 153.4 | 161.5 | -1.7 | - |
| GT Pln UK&G.E. Fnd | 125.2 | 131.8 | -0.2 | - |
| GT Pln Wrldwde Fnd | 127.2 | 133.9 | +0.1 | - |
| GT Pension Bnd Fnd | 132.8 | 139.8 | -0.4 | - |
| GT Pen High Yld Fd | 123.9 | 130.5 | -0.8 | - |
| GT Pen Far East Fd | 112.3 | 118.3 | -0.4 | - |
| GT Pen N. Am Fd | 200.4 | 211.0 | -1.2 | - |
| GT Pen UK & G.E. Fd | 141.0 | 148.5 | -0.3 | - |
| GT Pen Worldwide Fd | 134.8 | 141.9 | - | - |

**Assicurazioni GENERALI S.p.A.**
117, Fenchurch St., EC3M 5DY. 01-488 0733
Intl. Managed Bond ..|161.30 169.79| .. | —

**General Portfolio Life Ins. C. Ltd.**
Crossbrook St., Cheshunt, Herts. Waltham X 37977

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc | | 234.6 | | - |
| Portfolio Fd. Init | | 198.5 | | - |
| Portfolio Fd Cap. | | 226.4 | | - |
| Investment Ands | 234.5 | 247.0 | | - |

**Growth & Sec. Life Ass. Soc. Ltd.**
48, London Fruit Exchange, E1 6EU 01-377 1122

| | | | | |
|---|---|---|---|---|
| Flexible Finance | | 1,413 | | - |
| Landbank Secs | | 62.7 | | - |
| Landbank Scs Acc. | 172.4 | 176.8 | | - |
| G. & S. Super Fd. | | (30.638) | | - |

**Guardian Royal Exchange**
Royal Exchange, E.C.3. 01-283 7101
Guardian Assurance
Property Bonds ..|298.7 311.1| .. | —
GRE Linked Assurance Limited

| | | | | |
|---|---|---|---|---|
| Managed Initial | 190.3 | 200.3 | -0.3 | - |
| Do. Accum. | 208.6 | 219.6 | -0.3 | - |
| Equity Initial | 235.3 | 247.7 | -0.7 | - |
| Do. Accum. | 258.0 | 271.6 | -0.7 | - |
| Fixed Int. Initial | 182.0 | 141.6 | -2.0 | - |
| Do. Accum. | 199.6 | 210.1 | -2.2 | - |
| International Initial | 203.8 | 214.6 | +0.6 | - |
| Do. Accum. | 223.4 | 235.1 | +0.7 | - |
| Property Initial | 122.2 | 128.6 | | - |
| Do. Accum. | 133.7 | 140.7 | | - |

**London A'deen & Nthn. Mtl. Assur. Ltd.**
129 Kingsway, London, WC2B 6NF 01-404 0393
'Asset Builder' ..|63.0 66.3| .. | —

**London Indemnity & Gnl. Ins. Co. Ltd**
18-20, The Forbury, Reading 583517

| | | | | |
|---|---|---|---|---|
| Money Mngr Mar 15 | 54.7 | 61.2 | | - |
| MM Flexible Mar 3 | 47.7 | 50.3 | | - |
| Fixed Interest Mar 1 | 52.3 | 55.1 | | - |

**London Life Linked Assur. Ltd.**
700, Temple St., Bristol, BS1 6EA. 0272-279179

| | | | | |
|---|---|---|---|---|
| Equity | 210.0 | 216.2 | | - |
| Fixed Interest | 153.6 | 154.5 | | - |
| Property | 159.2 | 163.9 | | - |
| Deposit | 138.3 | 138.9 | | - |
| Mixed | 179.4 | 182.6 | | - |
| Indexed Stk. | 113.3 | 113.8 | | - |

**London Life Managed Funds Ltd.**

| | | | | |
|---|---|---|---|---|
| Equity (P.) | 149.3 | 154.5 | | - |
| Fixed Int. (P.) | 155.1 | 156.2 | | - |
| Property (P.) | 117.1 | 121.1 | | - |
| Deposit (P.) | 115.7 | 115.7 | | - |
| Mixed (P.) | 141.7 | 145.4 | | - |
| Indexed Stock (P.) | 119.3 | 120.1 | | - |

**London & Manchester Gp.**
Winslade Park, Exeter EX5 1DS. 0392 52155

**Property Growth Assur. Co. Ltd.**
Leon House, Croydon CR9 1LU 01-680 0606

| | | | | |
|---|---|---|---|---|
| Property Fund | | 282.0 | | - |
| Property Fund (A) | | 274.8 | | - |
| Agricultural Fund | | 1052.7 | | - |
| Agric. Fund (A) | | 1026.8 | | - |
| Abbey Nat. Fund | | 223.2 | | - |
| Abbey Nat. Fd. (A) | | 222.4 | | - |
| Investment Fund | | 130.4 | | - |
| Investment Fund (A) | | 128.6 | | - |
| Equity Fund | | 385.4 | -2.3 | - |
| Equity Fund (A) | | 379.2 | -2.2 | - |
| Money Fund | | 207.7 | | - |
| Money Fund (A) | | 204.2 | | - |
| Actuarial Fund | | 201.0 | | - |
| Gilt-edged Fund | | 182.5 | | - |
| Gilt-Edged Fd. (A) | | 182.3 | | - |
| Retire Annuity | | 332.7 | | - |
| Immed. Ann'ty | | 294.0 | | - |

**Property Gth Pens & Annuities Ltd**

| | | | | |
|---|---|---|---|---|
| All Weather Ac. Uts | 237.4 | 250.0 | | - |
| Inv. Fd. Uts | | 266.8 | | - |
| Pension Fd. Uts | | 238.0 | | - |
| Conv. Pens. Fd. | | 268.8 | | - |
| Cnv. Pns. Cap. Ut. | | 265.5 | | - |
| Man. Pens. Fd. | | 307.5 | | - |
| Man. Pens. Cap. Ut. | | 244.0 | | - |
| Prop. Pens. Fd. | | 267.6 | | - |
| Prop. Pens Cap. Uts. | | 207.2 | | - |
| Bldg. Soc. Pen. Ut. | | 238.3 | | - |
| Bldg. Soc. Cap. Ut. | | 186.4 | | - |
| Gilts Pens. Fd. | | 158.6 | | - |
| Gilts Pens. Fd. Cap. | | 161.5 | | - |
| Equity Pens. Fd. | | 231.9 | -1.6 | - |
| Equity Pens. Fd. Cap. | | 207.3 | -1.4 | - |

**Providence Capital Life Assc. Co. Ltd.**
30 Uxbridge Road, W12 8PG. 01-749 9111

## NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey Gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV increase.

# INTERNATIONAL CAPITAL MARKETS

## Citibank to lead $300m Irish credit

**By Peter Montagnon in London**

IRELAND has selected Citibank to co-ordinate the $300m, seven-year credit it is proposing to launch in the Euromarkets.

Terms of the deal include a margin over the expensive U.S. prime rate for the first time in an Irish borrowing. But on balance the margins are lower than those paid recently by Denmark. Ireland has been using the Danish terms as a yardstick for testing market sentiment.

Lenders will be able to put up funds at a margin of ¼ per cent over U.S. prime rate throughout the loan's seven-year life. Alternatively, they may select a Eurodollar reference rate, in which case the margin will stand at ½ per cent for the first three years rising to ⅝ per cent thereafter. Repayments will start after a grace period of four years.

As usual with prime-based deals, a "cap" of 125 basis points has been set to protect Ireland against excessive interest charges if the prime rate is held artifically high by U.S. banks. If CD rates fall more than 125 basis points below prime, interest will be charged at the CD rates plus the 125 point cap.

Denmark's loan bore similar margins, but the prime rate margin rose to 0.3 points after three years and the Eurodollar margin was set at ½ point only for the first two years of its life.

Ireland is, however, hoping to benefit from a certain rarity value in the Eurocredit market. Few of its borrowings are widely syndicated and there is scant prospect for further large credits this year. Once this deal is completed, Ireland will have secured about three-quarters of its I£1.2bn gross foreign borrowing requirement for this year.

Front-end fees for the credit total 0.55 per cent, but Citibank will receive a small additional fee for co-ordinating the deal, a mandate which it won against stiff competition from other U.S. banks.

## Gasunie to raise bond of $50m

**By Mary Ann Sieghart in London**

GASUNIE, the Dutch gas company in which the Government has a half share, is raising $50m in the Eurodollar bond market.

The bond, which is led by Swiss Bank Corporation International, carries a 10⅝ per cent coupon at a price of par, with a life of seven years.

The deal, which is thought to involve an interest-rate swap, was well-received in the market, trading comfortably at a discount of one point.

Dealers remarked that Gasunie was a very high quality credit and had no bonds outstanding in the dollar market. "It shows that you can do things with good credits at the appropriate price even in this market," said one new issue manager.

The dollar secondary market was quiet again, although some houses reported slightly more interest than last week. Prices were unchanged to a fraction better.

The World Bank came to the West German market yesterday with a DM 300m, 10-year, 7½ per cent deal, priced at par. The bond was led by Deutsche Bank, which also priced the Inter-American Development Bank's DM 200m 10-year, 7¾ per cent bond at 99½. Yesterday the IADB bond was trading at a 1¼ point discount.

The secondary market was slightly weaker, because of the strength of the U.S. dollar, and turnover was low.

In Switzerland, Mitsubishi Heavy Industries postponed a planned SwFr 100m issue, which highlights the plight of Japanese borrowers in the Swiss market. But there was a five-year SwFr 30m convertible private placement from Sumitomo Construction with an indicated coupon of 4½ per cent. Credit Suisse is the lead manager.

Prices in the secondary market fell slightly in fairly light trading.

Today will see a LuxFr 600m issue from the Council of Europe, with a 10¾ per cent coupon at a price of par. The 10-year bond has an average life of 8.96 years and is being led by Banques Internationale à Luxembourg.

## U.S. QUARTERLIES

**A. C. NIELSEN**

| Second quarter | 1982-83 $ | 1981-82 $ |
|---|---|---|
| Revenue | 170.8m | 158.9m |
| Net profits | 11.34m | 11.19m |
| Net per share | 0.51 | 0.50 |
| Six month | | |
| Revenue | 332.9m | 310.6m |
| Net profits | 21.06m | 19.50m |
| Oper. per share | 0.94 | 0.87 |

**AIR FLORIDA SYSTEM**

| Fourth quarter | 1982-83 $ | 1981-82 $ |
|---|---|---|
| Revenue | 50.1m | 66.2m |
| Net profits | †29.4m | †19.3m |
| Net per share | †1.75 | †1.17 |
| Year | | |
| Revenue | 281.8m | 303.3m |
| Net profits | †93.4m | †5.9m |
| Net per share | †5.66 | †0.47 |

† Loss

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 29.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amex O/S Fin 14¼ 89 | 75 | 111⅞ | 112¼ | -0⅛ | -0¼ | 11.35 |
| Amro Bank 13 89 | 200 | 105⅛ | 105⅝ | -0½ | +0¼ | 11.74 |
| BHP Finance 14¼ 90 | 150 | 108½ | 109 | +0⅛ | -0⅛ | 12.59 |
| British Col Hyd 10¼ 88 | 200 | 97⅜ | 98⅛ | 0 | 0 | 10.82 |
| British Col Hyd 15⅛ 92 | 150 | 116⅝ | 117⅛ | 0 | -0⅛ | 12.07 |
| Canada 14⅜ 91 | 750 | 110⅝ | 111¼ | 0 | +0⅛ | 10.94 |
| Canadair Ltd 12½ 89 | 110 | 104⅜ | 104⅞ | -0⅛ | -0⅛ | 11.43 |
| Canadian Wheat 11¼ 90 | 50 | 100 | 100½ | -0⅛ | -0⅛ | 11.17 |
| Can Pac Sec 15 89 | 15 | 109¼ | 110 | +0⅛ | -0⅛ | 12.60 |
| Concorp O/S 15 84/92 | 100 | 104⅜ | 104⅞ | 0 | -0⅛ | 10.08 |
| Coca Cola Int 9⅞ 92 | 100 | 24⅝ | 24⅞ | -0⅛ | -0¼ | 10.90 |
| Coca Cola Int 11⅞ 89 | 100 | 104½ | 105 | 0 | -0⅛ | 10.67 |
| Credit Suisse BHA 10½ 90 | 150 | 99⅞ | 99⅞ | +0⅛ | +0⅛ | 10.57 |
| Credit Suisse 10½ 89 | 100 | 100⅛ | 100⅝ | 0 | -0¼ | 10.40 |
| Deutsche Bk Fin 14⅛ 89 | 300 | 109⅞ | 110⅜ | 0 | -0½ | 11.86 |
| Du Pont 11¼ 95 | 150 | 101¾ | 102¼ | 0 | +0¼ | 10.93 |
| Du Pont 14⅛ 89 WW | 200 | 107⅞ | 108½ | -0⅛ | +0⅛ | 12.24 |
| E.O.C. 10⅛ 88 | 100 | 99⅞ | 100⅛ | -0⅞ | +0⅛ | 10.09 |
| E.O.F. 12¾ 87 | 150 | 103⅛ | 103⅝ | 0 | -0½ | 11.71 |
| E.E.C. 11½ 95 | 200 | 98⅞ | 99⅜ | 0 | 0 | 11.62 |
| E.I.B. 11 91 | 125 | 97⅞ | 98⅜ | -0⅛ | 0 | 11.36 |
| E.I.B. 15½ 92 | 100 | 113¼ | 113¾ | -0⅛ | -0½ | 12.89 |
| Exp Dev Corp 11⅜ 91 | 100 | 102⅛ | 102⅝ | 0 | 0 | 11.92 |
| Forsmarks 13¾ 92 | 15 | 105¼ | 105¾ | 0 | -0⅛ | 12.68 |
| Gaz de France 12⅛ 93 | 175 | 20 | 20½ | +0⅛ | +0¼ | 12.10 |
| Gen Elec Credit 9¾ 01 | 100 | 14½ | 15 | +0⅛ | +0⅛ | 10.11 |
| Gen Elec Credit 12 89 | 100 | 106⅞ | 107⅜ | +0⅛ | 0 | 10.41 |
| GMAC O/S Fin 10½ 90 | 200 | 97¾ | 98½ | 0 | +0⅛ | 10.91 |
| GMAC O/S Fin 15 91 | 100 | 108⅝ | 108⅞ | -0¼ | 0 | 12.11 |
| Gulf Oil Fin 12¼ 91 | 100 | 103⅝ | 104⅛ | 0 | +0⅛ | 11.60 |
| IBM World Trade 12¼ 92 | 200 | 109¼ | 109¾ | -0⅛ | +0⅛ | 10.50 |
| Manitoba Prov 11⅜ 89 | 125 | 102½ | 103 | 0 | 0 | 11.11 |
| Manitoba Prov 13¾ 89 | 100 | 108⅞ | 109⅜ | -0⅛ | 0 | 11.74 |
| Midland Int Fin 11½ 92 | 150 | 99⅝ | 100⅛ | 0 | 0 | 11.58 |
| Nat West Fin 11¾ 92 | 150 | 101½ | 101¾ | +0⅛ | 0 | 11.48 |
| New Brunswick 15¼ 01 | 75 | 111⅛ | 111⅝ | 0 | -0⅛ | 11.70 |
| Newfoundland 15½ 90 | 15 | 112¾ | 113⅜ | 0 | -0⅛ | 12.62 |
| Nippon Credit 11⅛ 93 | 100 | 97⅞ | 97⅞ | 0 | +0⅛ | 11.70 |
| Nova Scotia Prv 15¼ 89 | 15 | 112 | 112½ | 0 | -0⅛ | 12.09 |
| Ontario Hydro 11¼ 89 | 200 | 102¼ | 102¾ | -0⅛ | -0¼ | 10.69 |
| Ontario Hydro 12⅜ 92 | 200 | 108½ | 108¾ | 0 | -0⅛ | 11.56 |
| Ontario Hydro 10 92 | 150 | 115⅝ | 115⅞ | 0 | +0⅛ | 11.92 |
| Prudential O/S 10⅜ 93 | 100 | 99⅞ | 99⅞ | -0⅛ | -0⅛ | 10.88 |
| Prudential O/S 12⅜ 91 | 150 | 106½ | 107 | +0⅛ | +0¼ | 10.76 |
| Quebec Hydro 11½ 92 0 | 100 | 100⅞ | 101⅜ | 0 | +0½ | 11.28 |
| R. J. Reynolds 12¾ 89 | 100 | 104½ | 105 | +0⅛ | -0⅛ | 11.63 |
| Saskatchewan Pr 10¾ 90 | 125 | 98⅛ | 98⅝ | -0¼ | 0 | 11.09 |
| Skand Enskil 11½ 89 | 100† | 99 | 99½ | 0 | 0 | 11.70 |
| S.N.C.F. 11½ 93 | 100 | 98⅞ | 99⅜ | +0⅛ | +0⅛ | 11.65 |
| Swed Exp Credit 14⅜ 90 | 100 | 109⅛ | 109⅝ | -0¼ | +0½ | 12.53 |
| Swiss Bk Corp 10⅛ 90 | 125 | 99⅞ | 100⅜ | 0 | +0⅛ | 10.21 |
| Tenneco Capital 9⅜ 90 | 150 | 94½ | 95 | -0⅛ | -0⅛ | 10.86 |
| U.B.S. 11 89 | 150 | 102½ | 103 | 0 | 0 | 10.38 |
| Walt Disney Pro 12½ 89 | 75 | 104⅛ | 104⅝ | +0⅛ | +0⅛ | 11.41 |
| World Bank 10⅜ 89 | 150 | 98½ | 99 | -0⅛ | -0⅛ | 10.71 |
| World Bank 10⅞ 93 | 100 | 97⅞ | 98⅛ | -0⅛ | +0⅛ | 11.10 |
| World Bank 11⅛ 00 | 100 | 97⅛ | 98⅛ | +0⅛ | -0⅛ | 11.41 |

Av. price changes: on day 0, on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aeroport Paris 8⅛ 92 | 80 | 100⅛ | 100⅝ | -0⅛ | -0¾ | 8.16 |
| Australia 6⅞ 93 | 200 | 98⅛ | 99 | -0⅛ | -0⅛ | 7.06 |
| Australia 7⅞ 92 | 200 | 104⅛ | 104⅝ | -0⅛ | -1⅛ | 7.18 |
| Bank of Tokyo 7¼ 88 | 100 | 99⅝ | 100⅛ | -0⅛ | -0⅛ | 7.27 |
| Bayer Capital 7⅝ 89 | 150 | 104⅛ | 104⅝ | +0⅛ | +1⅛ | 6.77 |
| Caisse Nat Energie 8 93 | 100 | 100 | 100½ | 0 | 0 | 7.95 |
| Caisse Nat Tele 7¾ 93 | 200 | 98⅛ | 99⅛ | +0⅛ | -0⅛ | 7.99 |
| E.C.S.C. 7½ 93 | 150 | 99⅞ | 99⅞ | 0 | -0⅛ | 7.62 |
| E.E.C. 7½ 85 | 200 | 99⅝ | 100⅛ | -0¼ | -0⅛ | 7.76 |
| E.E.C. 8 84 | 200 | 101⅛ | 101⅝ | +0⅛ | +0⅛ | 7.79 |
| Eurofima 7½ 91 | 100 | 100⅛ | 101 | 0 | +0⅛ | 7.37 |
| Ferrovie Dello 8⅞ 89 | 150 | 101⅞ | 102⅜ | 0 | +0⅛ | 8.28 |
| Gould Int Fin 8⅛ 89 | 15 | 103 | 103½ | +0⅛ | +0½ | 7.88 |
| H.J. Heinz Int 6⅞ 89 | 50 | 99½ | 100¼ | 0 | +0½ | 8.77 |
| Int-Am Dev Bk 8⅛ 93 | 150 | 100⅞ | 101⅜ | 0 | -0½ | 8.07 |
| Ireland 8½ 00 | 150 | 100⅝ | 101⅛ | -0¼ | -0⅛ | 8.28 |
| Ireland 8⅞ 91 | 150 | 103⅛ | 103⅝ | +0⅛ | +0⅛ | 8.21 |
| ITT Antilles 7 93 | 200 | 99 | 99½ | +0⅛ | 0 | 7.26 |
| McDonalds Fin 7⅛ 92 | 100 | 101¼ | 101¾ | +0⅛ | +0¼ | 8.00 |
| Mitsui O.S.K. 7⅛ 89 | 100 | 98 | 98½ | +0⅛ | +0¼ | 7.69 |
| Mount Isa Fin 7⅞ 89 | 100 | 97¼ | 97¾ | -0⅛ | -0⅛ | 8.11 |
| Quebec Hydro 8 93 | 200 | 102¼ | 102¾ | -0⅛ | 0 | 7.63 |
| Sweden Kingdom 8⅛ 89 | 150 | 102½ | 102⅞ | 0 | -0⅛ | 7.77 |
| Volkswagen Int 7¼ 93 | 200 | 97⅞ | 98⅛ | -0⅛ | -0⅛ | 7.56 |
| World Bank 7¼ 93 | 200 | 97⅞ | 98⅛ | 0 | -0⅛ | 7.52 |

Av. price changes: on day 0, on week 0

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| American Express 4¾ 93 | 100 | 98¼ | 98½ | +0¼ | +0¼ | 4.96 |
| Asian D.B. 5⅝ 95 | 100 | 98 | 98¼ | 0 | +0½ | 5.92 |
| Bowater Int Fin 6 92 | 100 | 102½ | 102¾ | -0¼ | 0 | 5.64 |
| BTR Finance 5⅝ 93 | 75 | 97 | 97¼ | -0¼ | +0¼ | 6.02 |
| Chugoku Ele Pow 6⅛ 91 | 100 | 100½ | 100¾ | +0⅛ | +0⅛ | 6.02 |
| Chujitsuya Co 5⅞ 93 | 50 | 97 | 97½ | +0⅛ | +0⅛ | 6.27 |
| Ex-Im Bk Japan 5 93 | 100 | 95 | 95¼ | -0¾ | 0 | 5.62 |
| First Interstate 6 92 | 100 | 102 | 102¼ | 0 | 0 | 5.70 |
| Gaz de France 6 93 | 100 | 101¼ | 101½ | 0 | -0¼ | 5.81 |
| Gothenburg Airport 6 93 | 50 | 100 | 100¼ | 0 | +1 | 5.98 |
| HCA Finance 6 93 | 100 | 96½ | 96¾ | +0¼ | +0½ | 5.45 |
| Kyushu Elec Power 6 92 | 100 | 100 | 100¼ | 0 | 0 | 6.00 |
| Manitoba Prov 5¼ 93 | 100 | 101 | 101½ | -0⅛ | -0⅛ | 5.10 |
| New Zealand 5¼ 92 | 100 | 99½ | 99¾ | +0¼ | -1 | 5.43 |
| Nippon Express Co 6 93 | 50 | 101¼ | 101½ | +0¼ | +0½ | 5.81 |
| Nippon Kokan 5⅝ 93 | 100 | 96½ | 96½ | -0¼ | +0⅛ | 6.12 |
| Nisshin Steel Co 6⅜ 92 | 100 | 101¼ | 101½ | -0¼ | +2¼ | 6.10 |
| Norsk Hydro 5½ 98 | 100 | 98 | 98¼ | -0⅛ | +0½ | 6.60 |
| O.K.G. 6⅜ 93 | 60 | 101⅞ | 102 | 0 | +0⅛ | 6.48 |
| Quebec 5⅜ 92 | 100 | 102⅛ | 102⅜ | +0⅛ | +0⅛ | 5.44 |
| Shikoku Elec Pow 5⅜ 92 | 100 | 97 | 97¼ | -0¼ | 0 | 6.02 |
| Tohoku Elec Power 6 93 | 100 | 99¼ | 99½ | -0¼ | -0¼ | 6.09 |
| Transcanada Pipe 5⅜ 93 | 100 | 98⅞ | 99 | -0½ | 0 | 6.00 |
| Union Bk Norway 5⅝ 93 | 80 | 97 | 97¼ | 0 | -0⅛ | 5.78 |
| Volvo 5⅜ 91 | 89 | 101 | 101¼ | 0 | +1⅞ | 5.20 |
| World Bank 5½ 93 | 100 | 100¼ | 100½ | 0 | 0 | 5.45 |

Av. price changes: on day 0, on week +½

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 8⅝ 92 | 15 | 105⅝ | 106⅛ | -0⅛ | +0⅛ | 7.72 |
| E.I.B. 8¼ 92 | 15 | 102 | 103 | -0⅛ | -0½ | 7.65 |
| Japan Airlines 7⅞ 91 | 81 | 100½ | 101½ | 0 | 0 | 7.58 |
| New Zealand 8⅜ 87 | 15 | 102⅝ | 103⅛ | -0⅛ | +0⅛ | 7.95 |
| World Bank 8⅞ 92 | 20 | 102 | 103 | 0 | 0 | 7.81 |

Av. price changes: on day -⅛, on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Cepme 12½ 00 CS | 50† | 98⅞ | 98⅞ | 0 | 0 | 13.32 |
| Farm Credit 12½ 93 CS | 50† | 99⅝ | 100⅛ | 0 | +0⅛ | 12.15 |
| Gaz de France 15 89 CS | 75† | 106⅛ | 106⅝ | 0 | +0⅛ | 13.38 |
| Gaz Metro 14½ 92 CS | 40† | 103¼ | 104⅛ | -0⅛ | 0 | 13.74 |
| Pancanadian 12½ 93 CS | 50† | 97⅞ | 97⅞ | -0⅛ | +0⅛ | 12.94 |
| Quebec Hydro 14 92 CS | 60† | 100 | 100½ | -0⅛ | 0 | 12.80 |
| Swed Exp CR 12⅛ 00 CS | 50† | 100⅛ | 101 | 0 | +0⅛ | 12.92 |
| E.E.C. 11⅛ 93 ECU | 50 | 98 | 99 | -0⅛ | -0⅛ | 11.66 |
| Elf Mange 11¾ 00 ECU | 30 | 97½ | 98⅛ | 0 | -0⅛ | 12.41 |
| Amfas 9½ 91 Fl | 80 | 104½ | 105 | +0⅛ | 0 | 8.21 |
| Austria 7½ 88 Fl | 100 | 100⅛ | 100⅝ | 0 | +0⅛ | 7.40 |
| Nederland Gas 7½ 89 Fl | 100 | 100⅛ | 100⅝ | -0⅛ | +0⅛ | 7.37 |
| Neder Middel 8⅛ 91 Fl | 100 | 104⅛ | 104⅝ | 0 | 0 | 8.05 |
| Quebec Prov 7½ 88 Fl | 100 | 98⅝ | 99⅛ | +0⅛ | +0⅛ | 7.75 |
| World Bank 7 88 Fl | 150 | 98⅝ | 99 | 0 | +0⅛ | 7.31 |
| B.K.O. 14 86 FF | 400 | 88⅛ | 89⅛ | +0⅛ | +0⅛ | 14.67 |
| Solvay & Cie 14¾ 88 FF | 200 | 98 | 99 | -0⅛ | +0⅛ | 15.40 |
| B.F.C.E. 14½ 87 £ | 30 | 106⅛ | 107⅛ | 0 | -0⅛ | 12.12 |
| C.E.C.A. 13½ 88 £ | 20 | 104⅛ | 105⅛ | 0 | +0⅛ | 12.07 |
| C.N.T. 12½ 89 £ | 30 | 100 | 101 | -0⅛ | -0⅛ | 12.34 |
| E.E.C. 11⅞ 91 £ | 50 | 98⅛ | 99 | +0⅛ | -0⅛ | 12.14 |
| Fin For Ind 12⅛ 86 £ | 30 | 102⅛ | 103⅛ | 0 | 0 | 11.54 |
| Fin Mat Orang 12⅛ 92 £ | 30 | 23⅝ | 24⅛ | -0⅛ | -0⅛ | 12.79 |
| Gen Elec Co 12½ 89 £ | 50 | 104⅛ | 105⅛ | 0 | -0⅛ | 11.27 |
| Hiram Walker 14⅛ 86 £ | 25 | 103⅞ | 104⅞ | 0 | -0⅛ | 11.83 |
| Mort Bk Fin 11⅝ 89 £ | 15 | 23½ | 24½ | 0 | 0 | 13.24 |
| Norsk Hydro 12 90 £ | 30 | 27 | 27⅛ | -0⅛ | -0⅛ | 12.88 |
| Norsk Hydro 14½ 02 £ | 30 | 107⅛ | 107⅞ | -0⅛ | -0⅛ | 12.09 |
| Quebec 14½ 89 £ | 30 | 105⅛ | 106⅛ | -0⅛ | -0⅛ | 13.01 |
| S.D.R. France 15½ 92 £ | 30 | 108⅛ | 109⅛ | -0⅛ | -0⅛ | 14.25 |
| S.N.C.F. 11½ 89 £ | 30 | 96⅛ | 96⅞ | -0⅛ | -0⅛ | 12.80 |
| Tenneco Int 14⅛ 91 £ | 30 | 100⅛ | 101⅛ | 0 | +0⅛ | 12.50 |
| World Bank 11⅝ 91 £ | 75 | 25⅛ | 25⅞ | 0 | 0 | 12.21 |
| Eurotom 11 93 LuxFr | 500 | 102⅛ | 103⅛ | -0⅛ | -0½ | 10.59 |
| Europarat 12½ 92 LuxFr | 600 | 104 | 105 | +0⅛ | -0⅛ | 11.65 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Tokyo 5¼ 91 (D) | 0⅛ | 99⅞ | 100⅛ | 10/6 | 9⅞ | 9.76 |
| B.F.C.E. 5¼ 88 | 0¼ | 99⅞ | 99⅞ | 20/7 | 9⅜ | 9.34 |
| B.F.C.E. 5¼ 87 | 0¼ | 99⅞ | 99⅞ | 27/7 | 9.94 | 9.98 |
| Caisse Nat Tele 5⅛ 90 | 0⅛ | 99 | 99⅛ | 21/4 | 10.56 | 10.54 |
| Cepme 5¼ 92 | 0¼ | 99⅛ | 99⅝ | 18/8 | 9.94 | 9.97 |
| Chemical NY 5¼ 94 †† | 0¼ | 100⅛ | 100⅝ | 23/8 | 9⅞ | 9.83 |
| Credit Agricole 5¼ 91 | 0¼ | 99⅞ | 99⅞ | 24/8 | 10 | 10.08 |
| Credit du Nord 5¼ 92 | 0¼ | 99 | 99½ | 23/8 | 10⅛ | 10.20 |
| Credit Lyonnais 5¼ 91 | 0⅛ | 99⅞ | 99⅞ | 1/4 | 12.16 | 12.26 |
| Credit Lyonnais 5¼ 94 | 0⅛ | 99⅞ | 99⅞ | 5/7 | 9⅞ | 9.81 |
| Credit Nat 5¼ 94 | 0⅛ | 99⅛ | 99⅛ | 6/9 | 9⅛ | 9.38 |
| E.D.F. 5¼ 95 XW | 0¼ | 99½ | 99⅞ | 10/8 | 10 | 10.06 |
| Kansallis Osake 5½ 92 | 0⅛ | 99⅛ | 99⅝ | 4/5 | 10.00 | 10.11 |
| Lloyds Eurofin 5¼ 93 S | 0⅛ | 100⅛ | 100⅝ | 28/4 | 10.56 | 10.57 |
| Long Term Cred 5¼ 92 | 0⅛ | 99⅞ | 100⅛ | 27/5 | 10⅛ | 10.13 |
| J.P. Morgan 5¼ 91 § | 0¼ | 100 | 100⅛ | 12/5 | 9⅛ | 9.40 |
| Nat West Fin 5¼ 91 § | 0¼ | 100⅛ | 100⅝ | 15/7 | 9⅛ | 9.22 |
| New Zealand 5¼ 91 | 0½ | 100⅛ | 100⅝ | 7/4 | 12½ | 12.42 |
| NZ Steel Dev 5¼ 92 | 0¼ | 100 | 100⅛ | 22/8 | 1.78 | 10.16 |
| Nippon Credit 5¼ 90 | 0¼ | 100 | 100½ | 10/8 | 9⅛ | 9.85 |
| Offshore Mining 5¼ 91 | 0¼ | 100 | 100⅛ | 2/8 | 10.4 | 10.41 |
| Scotland Int 5¼ 92 | 0¼ | 99⅞ | 100⅛ | 23/8 | 9.94 | 9.94 |
| Sec Pacific 5¼ 91 | 0⅛ | 100⅛ | 100⅛ | 24/5 | 10.00 | 10.02 |
| Société Générale 5¼ 95 | 0¼ | 99½ | 99⅝ | 1/5 | 9½ | 9.58 |
| Standard Chart 5¼ 91 | 0½ | 100 | 100½ | 16/5 | 10.50 | 10.50 |
| Swedbnk 5¼ 93 | 0¼ | 99⅞ | 100⅛ | 3/8 | 10.19 | 10.20 |
| Sweden 5¼ 88 | 0¼ | 99⅞ | 99⅞ | 28/8 | 9⅞ | 9.86 |

Av. price changes: on day -⅛, on week -⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5½ 98 | 7/81 | 933 | 98 | 99½ | 0 | 22.60 |
| Bridgestone Tire 5½ 98 | 3/82 | 470 | 101⅛ | 102⅛ | -0⅛ | 1.32 |
| Canon 7 97 | 7/82 | 748.2 | 182 | 184 | -2½ | 1.47 |
| Fujitsu Fanuc 4½ 98 | 10/81 | 5014 | 103 | 105 | -1¼ | 44.10 |
| Hitachi Cable 5¼ 96 | 2/82 | 515 | 95 | 97½ | -0⅛ | 9.48 |
| Hitachi Credit Corp 5 96 | 7/81 | 1612 | 89⅛ | 91¼ | -0⅛ | 7.98 |
| Honda Motor 5½ 97 | 3/82 | 758.8 | 114⅞ | 115⅞ | +0¼ | 5.38 |
| Kawasaki 5⅛ 96 | 9/81 | 229 | 83½ | 85 | -0¼ | 22.05 |
| Kumagai Gumi 6½ 97 | 10/82 | 480 | 112⅞ | 113⅞ | +0⅛ | 2.17 |
| Kyowa Hakko 6⅛ 97 | 2/83 | 762 | 105⅛ | 106⅞ | -0⅛ | 17.75 |
| Marui 6 96 | 7/81 | 780.6 | 128 | 129⅛ | -0⅛ | 8.11 |
| Minolta Camera 5 96 | 10/81 | 328.4 | 73½ | 75 | -0⅛ | 34.78 |
| Murata 5¼ 96 | 7/81 | 1571 | 98½ | 100 | -0⅛ | 20.88 |
| Nippon Electric 5½ 97 | 2/82 | 765.9 | 124 | 125½ | -2⅞ | 5.12 |
| Nippon Oil Co 5½ 98 | 4/83 | 994 | 95½ | 96⅛ | 0 | 7.17 |
| Nissan Motor 5⅜ 98 | 4/83 | 770 | 96⅞ | 97⅞ | -0⅛ | 8.53 |
| Olympus Optical 6⅞ 97 | 12/82 | 1331 | 101⅛ | 102⅛ | -0⅛ | 11.04 |
| Orient Finance 5¼ 97 | 3/82 | 1206 | 186⅞ | 188⅞ | +1½ | 43.56 |
| Sumitomo Electric 5½ 97 | 3/82 | 677.3 | 96 | 97½ | -2½ | 7.84 |
| Sumitomo Metal 5¼ 96 | 10/81 | 296.1 | 72½ | 74 | -0⅛ | 34.25 |
| Fujitsu 3½ 83 SF | 3/83 | 968 | 107⅛ | 108¼ | -1 | 18.64 |
| Sharp Corp 3½ 83 SF | 3/83 | 1190 | 110½ | 112½ | -1 | -0.72 |
| Konishiroku 6⅜ 88 DM | 6/82 | 546 | 110½ | 111⅛ | 0 | 4.33 |
| Mitsubishi Heavy 8 88 DM | 2/82 | 263 | 108⅛ | 109 | +0⅛ | 10.04 |
| Sun Realty 6⅛ 92 DM | 2/83 | 395 | 111½ | 112½ | -2½ | -2.86 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



### APPOINTMENTS

## Chairman for Triplex Foundries

Mr Lewis Robertson has been appointed chairman of TRIPLEX FOUNDRIES GROUP. Mr Tony Barrett becomes deputy chairman and financial director. Mr Robertson is chairman of F. H. Lloyd Holdings.

*

Mr Jack Lofthouse has been appointed a non-executive director of BRITOIL. He was formerly a director of ICI having been with that company for over 40 years. He was a part-time member of BNOC from 1980 to 1982 and also served as a member of the Northern Economic Advisory Council and the Civil Engineering Economic Development Council. Mr Robert Speirs becomes an executive director with particular responsibility for planning. He spent ten years with the Inland Revenue in the UK and Zimbabwe followed by three years in London with Coopers and Lybrand. Prior to joining BNOC in February 1977 as taxation manager, he worked for eight years for Texaco as UK tax administrator. He has subsequently been treasurer and in November 1980 assumed day-to-day responsibility for the corporate planning department.

Mr Egil Gade Greve, a managing director of Bergen Bank, has been elected a director of SCANDINAVIAN BANK GROUP in place of Mr Finn B. Henriksen who is retiring.

*

Mr John Hayden has been appointed European senior vice president for DATAQUEST. He was formerly founder and managing director of Stack. Made an associate director of Dataquest's European Semiconductor Industry Service is Mr Malcolm Penn. Based in Cupertino, California, Dataquest is a research subsidiary of A. C. Nielsen.



إكتمال العمل

كاملاً اسماءالعمل



**SECTION III CONTENTS**



SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday March 30 1983

**Tin producers' pact given go-ahead, Page 31**

## WALL STREET

# Fed again diverts attention

A CAUTIOUS mood prevailed in early Wall Street trading yesterday, with as much attention directed to the day's meeting of the Federal Reserve's Open Market committee as to the market, *writes Terry Byland in New York.*

Share prices tried to move ahead at mid-session but support died away and by the close, major stocks were turning lower. The Dow Jones industrial average shed 2.13 at 1131.19.

Credit markets opened higher but this proved to be little more than a minor correction after the decline of the past two trading sessions.

With the Federal Funds rate at 9 per cent yesterday and average yields at this week's bill auction the highest for five months, Treasury funding markets had a sluggish day. The absence of intervention by the Fed was an extra depressing factor and a further reason for the market's apprehension regarding the meeting of the Fed's Open Market Committee.

The discount rate on the three-month Treasury bill edged up to 8.64 per cent in line with the previous night's auction rate of 8.680, and the six-month rate was similarly increased to 8.65 per cent. Prices were a shade firmer at the longer end of the Federal bond market, where the benchmark 10⅜ per cent of 2012 put on ¼ of a point to 97½.

IBM, the market bellwether, had an active session, rising $1¼ to $103⅜. Reports from the semiconductor industry of continued sales growth during March brought demand for shares in the leading manufacturers of electronic chips. National Semiconductor gained $⅝ to $31½ and Perkin Elmer, at $27¼, moved up $½.

Exxon put on $⅛ to $30 in a firm oil share market where Standard Oil of California was $⅝ higher at $35¼ and Getty gained a dollar to $54.

The issue of 26m shares by Chrysler, the timing and size of which surprised the market late on Monday, put the motor group at the head of the active stocks list. The shares were quickly placed by a group of five underwriters and some stock was traded in the market at the issue price of $16⅝.

The success of the share issue, which was twice increased from its original size of 12.5m shares and brought forward to yesterday at short notice, indicated Wall Street's confidence in Chrysler's recovery.

Other motor shares also found buyers. General Motors put on $⅜ to $59¼ and Ford held steady at $39⅞.

Elsewhere, those to record heavy trading included Paradyne, which fell by a further $2⅛ to $25⅝ while awaiting a company statement on allegation that it had improperly obtained a Federal contract.

Shares in RCA, the owner of the NBC broadcasting network and of Hertz, dipped $1¾ to $24½ after the market heard that Allied Corporation had filed with the SEC its intention to sell the 5m RCA shares it acquired during the Bendix takeover.

A strong showing by gold mines helped prices move slightly higher in **Toronto** despite the continued slow pace of trading. Pipelines and media groups were also generally stronger.

Stocks went ahead across a broad front in **Montreal**, with papers and banks heading the advance.

## LONDON

# Enterprise stifled by sterling

INVESTMENT enterprise remained stifled by uncertainties over sterling and interest rates and yesterday's trading in London stock markets again lacked inspiration. The current threat of dearer U.S. money – the Fed Funds rate rose quite sharply overnight – incited fresh talk of a possible rise in UK base lending rates.

Sterling was less volatile in foreign exchange markets following comments by Sir Geoffrey Howe, Chancellor of the Exchequer, that exchange rate defence was "expensive and fruitless," but investors in gilt-edged securities continued to be hypnotised by the currency's weakness.

The pound's initial improvement saw longer-dated gilts regain ⅜ of Monday's fall of a point, but the firmness failed to hold. Business was sparse and before midday the gains were pared to minimal amounts at both ends of the market. Low-coupon shorts again moved conversely as revived selling resulted in fresh losses ranging to ⅜.

Pre-Easter company trading announcements enlivened equity proceedings but some statements had been well discounted.

A £100m exceptional provision made against the value of civil aircraft inventories unsettled British Aerospace, which slumped to 211p before closing a net 21p down at 218p.

Profit-taking in the wake of the satisfactory results left Reckitt and Colman 9p lower at 403p.

The dull mood in equity markets also reflected unresolved BNOC oil pricing. Pressures to cut the North Sea price below $30 per barrel continue to mount and, if implemented, would be likely to have serious repercussions on world oil prices generally.

Nevertheless, rumours of a discovery in the North Sea pushed Burmah ahead smartly to close at the day's high of 159p, a 12p gain.

Leading industrials followed Wall Street's overnight downtrend, but the movement was arrested before any real damage was inflicted. The FT Industrial Ordinary share index gradually recovered, but eased again to close a net 3.4 down at 652.1.

South African golds remained quietly depressed despite a steady performance by the bullion price, which was finally $5 firmer at $414.50 an ounce.

The share market drifted on a general lack of interest and modest selling in front of today's South African budget.

Budget rumours suggested the possibility of the gold mines being paid for their gold output in dollars rather than rands, an adjustment in stamp duty rates, and moves to allow some domestic portfolio investments to be made outside South Africa.

The FT Gold Mines index showed a 6.6 fall to 531.5, its lowest level this year.

*Share information service, Pages 32–33*

## AUSTRALIA

# Late revival

A LATE and broadly based turnround took **Sydney** quietly firmer after having drifted lower for most of the day.

Oil and gas issues edged higher but mines were mixed. MIM slipped seven cents to A$4.05 while BHP added 10 cents to A$6.44.

Continuing takeover speculation in retail stores tilted Myer three cents upward at A$1.53 but depressed Grace Bros 10 cents to A$3.50.

A selection of heavyweight industrials improved in **Melbourne.**

## SOUTH AFRICA

# Losses offset

A MORE stable showing by world bullion values allowed **Johannesburg** gold shares to recoup much of Monday's losses.

Vaal Reefs on the heavy end added R2 to R104, but in mining financials Anglo-American slipped 10 cents to R20 while De Beers firmed to the same extent at R8.25.

Few industrials showed sharp movements.

## FAR EAST

# Recovery pointers in abundance

POINTERS to revived demand in the Japanese economy were a prerequisite yesterday if **Tokyo** stocks were to sustain their present rally, and investors found them in good supply – whether in the form of stimulative measures which the Government is said to have lined up, or those arising from an already nascent upturn as suggested by forward indicators released yesterday.

Japan's leading indicator, calculated by the Economic Planning Agency, rebounded in January from a decline which had set in last September – although stopping short of signposting a decisive recovery – and reports persisted that a cut in the official discount rate would form part of a package of measures to boost the economy.

The Nikkei-Dow Jones market average added a further 36.22 to a record 8,424.13, its sixth in eight sessions, while the stock exchange index rose 1.02 to 615.04 as volume moderated to some 420m shares from the previous 480m.

International populars such as computer makers and precisions continued to lag behind but vehicles firmed. Profit-taking affected large-asset issues which had been the major beneficiaries on Monday.

Nippon Electric fell Y14 to Y935, Fujitsu Y8 to Y905, Takeda the same amount to Y804 and Sumitomo Realty Y19 to Y391.

But Nippon Express, volume leader on 24.54m shares, improved Y5 to Y218 and Oji Paper, the second most active, gained Y21 to Y485.

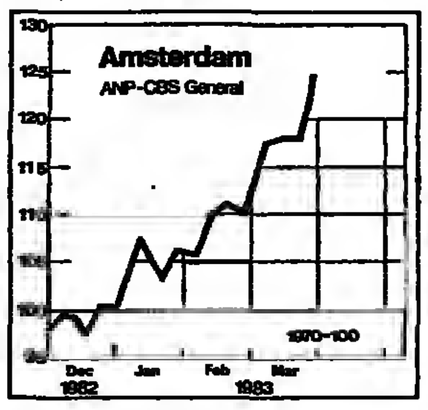
Meiji Milk, reported to have made a biotechnology breakthrough in treating thrombosis, put on another active Y13 to Y350 for a two-day surge of Y90.

Government bond prices fell slightly as the yen weakened against the dollar. At the same time, the Bank of Japan said it may sell 60-day bills next month to soak up surplus liquidity in the money market.

A smattering of overseas support enabled **Hong Kong** to hold up against a background of nervousness generated by a batch of corporate results pending today. The two most prominent of these both turned initial losses into closing gains, however: Hongkong Land picked up two cents to HK$4.17 and Jardine Matheson 20 cents to HK$13.60.

Narrow fluctuations in **Singapore** had no clear sectoral trend: in banks OCBC eased five cents to S$9.90 but UOB firmed eight to S$4.28.

Hotel stock Faber Merlin, the day's most active, shed a cent to S$2.32.




## EUROPE

# Prudent profit-taking prevails

PROFIT-TAKING predominated on the bourses yesterday, but in most centres the motivation appeared to be technical – a need to consolidate after recent gains and ahead of Easter, rather than a real change of heart. Institutional investors were still much in evidence, by and large quick to mop up any offerings at their reduced asking levels.

German and Dutch shares, which have attracted the greatest enhancement in value in recent weeks, were the worst affected.

**Frankfurt** encountered additional distress from a dividend increase by Deutsche Bank which was not as substantial as many were expecting. Its stock was elbowed DM 8.90 down to DM 313.10, in turn upsetting Commerzbank DM 5.90 to DM 153.10 and Dresdner DM 7.70 to DM 163.

The selling was broadly spread: Siemens fell DM 8.50 to DM 315.50, Daimler-Benz DM 4 to DM 490, Linde DM 11 to DM 349 and BASF DM 4 to DM 134. Karstadt fared by far the worst of the retail majors, off DM 9.50 to DM 251.50.

Bond trading was less active but prices weakened in line, and the Bundesbank was again required to buy some DM 68.3m in public paper.

Gist-Brocades in chemicals was the major feature in **Amsterdam** for a second day as it fell Fl 7.50 to Fl 158.50, erasing most of a Fl 10.50 gain which had followed news of a distribution deal with Dow Chemical of the U.S..

Banks remained under pressure, with Ned Mid retreating Fl 4 to Fl 148. The ANP-CBS general index came back a point to 124.80.

Lower money market interest rates in **Paris** were overshadowed by Wall Street's overnight weakness, and many stocks which received the most favour in the wake of the Mitterrand Government's austerity measures halted their advance.

One of these was Club Mediterranée, which shed FFr 5 to FFr 655 after a FFr 60 surge on Monday. L'Oreal slipped FFr 65 to FFr 1,545 after its FFr 145 leap.

Metals led a **Brussels** decline, with Hoboken BFr 255 off at BFr 4,525 and Arbed BFr 42 poorer at BFr 1,158. A single speculator was said to be responsible for continuing large-scale purchases of Kredietbank stock, which firmed a further BFr 10 to BFr 5,450.

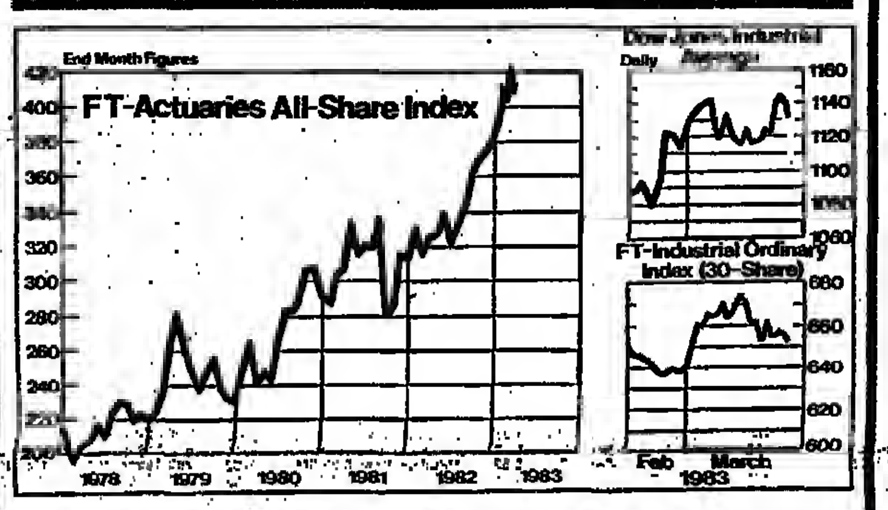
Economic optimism enabled **Zurich** to hold up well in fairly active dealings, unaffected by a strong dollar. Profit-takers nonetheless took their toll on Landis & Gyr, down SwFr 40 to SwFr 1,200, but Oerlikon-Bührle moved up SwFr 35 to SwFr 1,365.

Bonds were barely steady on smallish volume.

Similarly **Milan,** although lower overall, showed Italcementi L1,500 stronger at L43,950 as selective buying support remained. Treasury paper was in demand.

**Stockholm** staged a cautious recovery but **Copenhagen** showed widespread losses. Constructions were weakest in a quietly mixed **Madrid** trade.

## KEY MARKET MONITORS




**STOCK MARKET INDICES**

| | March 29 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1131.19 | 1133.32 | 823.82 |
| DJ Transport | 506.02 | 511.99 | 332.53 |
| DJ Utilities | 125.05 | 125.69 | 108.57 |
| S&P Composite | 151.59 | 151.85 | 112.3 |
| **LONDON** | | | |
| FT Ind Ord | 652.1 | 655.5 | 562.3 |
| FT-A All-share | 410.11 | 413.13 | 323.31 |
| FT-A 500 | 442.45 | 445.89 | 346.04 |
| FT-A Ind | 414.79 | 418.33 | 316.71 |
| FT Gold mines | 531.5 | 538.1 | 246.8 |
| FT Govt secs | 79.93 | 79.91 | 68.30 |
| **TOKYO** | | | |
| Nikkei-Dow | 8424.13 | 8387.91 | 7199.16 |
| Tokyo SE | 615.04 | 614.02 | 532.45 |
| **AUSTRALIA** | | | |
| All Ord. | 508.9 | 506.1 | 469.7 |
| Metals & Mins. | 456.5 | 459.4 | 331.1 |
| **AUSTRIA** | | | |
| Credit Aktien | 53.75 | 53.57 | 53.61 |
| **BELGIUM** | | | |
| Belgian SE | 115.88 | 116.7 | 98.82 |
| **CANADA** | | | |
| Toronto Composite | 2121.9* | 2117.5* | 1603.5 |
| Montreal | | | |
| Industrials | 354.95* | 354.58 | 281.59 |
| Combined | 351.79* | 351.49 | 269.47 |
| **DENMARK** | | | |
| Copenhagen SE | 134.08 | 133.92 | 94.62 |
| **FRANCE** | | | |
| CAC Gen | 114.50 | 114.90 | 104.80 |
| Ind. Tendance | 122.00 | 122.60 | 118.10 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 296.02 | 300.04 | 235.17 |
| Commerzbank | 890.80 | 905.3 | 717.2 |
| **HONG KONG** | | | |
| Hang Seng | 979.56 | 975.9 | 1174.72 |
| **ITALY** | | | |
| Banca Comm. | 210.78 | 211.65 | 206.81 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 124.8 | 125.8 | 89.8 |
| ANP-CBS Ind | 107.7 | 108.8 | 72.0 |
| **NORWAY** | | | |
| Oslo SE | 152.49 | 151.31 | 100.64 |
| **SINGAPORE** | | | |
| Straits Times | 839.16 | 837.15 | 718.5 |
| **SOUTH AFRICA** | | | |
| Golds | 702.1 | 694.3 | 442.1 |
| Industrials | 828.4 | 827.9 | 583.3 |
| **SPAIN** | | | |
| Madrid SE | 112.26 | 112.25 | 123.81 |
| **SWEDEN** | | | |
| J & P | 1255.87 | 1235.57 | 605.67 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 311.8 | 311.6 | 253.6 |
| **WORLD** | Mar 28 | Prev | Yr ago |
| Capital Int'l | 164.6 | 165.7 | 131.1 |

**GOLD (per ounce)**

| | March 29 | Prev |
|---|---|---|
| London | $414.50 | $409.50 |
| Frankfurt | $412.75 | $408.75 |
| Zürich | $414.50 | $409.50 |
| Paris (fixing) | $413.80 | $411.49 |
| New York (April) | $414.00 | $412.30 |

* Indicates latest pre-close figure

**CURRENCIES**

| | U.S. DOLLAR March 29 | U.S. DOLLAR Previous | STERLING March 29 | STERLING Previous |
|---|---|---|---|---|
| £ | 1.4545 | 1.4540 | – | – |
| DM | 2.4305 | 2.4345 | 3.53¾ | 3.54¼ |
| Yen | 239.95 | 240.10 | 349¼ | 349¾ |
| FFr | 7.2875 | 7.2975 | 10.60 | 10.60¾ |
| SwFr | 2.0810 | 2.0850 | 3.03 | 3.03½ |
| Guilder | 2.7395 | 2.7370 | 3.98¾ | 3.98 |
| Lira | 1448½ | 1449 | 2107 | 2107 |
| BFr | 48.25 | 48.21 | 70.20 | 70.10 |
| C$ | 1.2310 | 1.2315 | 1.7895 | 1.7890 |

**INTEREST RATES**

| | March 29 | Prev |
|---|---|---|
| **Euro-currencies** (three month offered rate) | | |
| £ | 11⅛ | 11 |
| SwFr | 4¼ | 4⅛ |
| DM | 5 | 4 15/16 |
| FFr | 12½ | 12⅝ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 9⅛ | 8 15/16 |
| 6-month U.S.$ | 10 | 10 |
| **U.S. Fed Funds** | 8⅞* | 8⅞ |
| **U.S. 3-month CDs** | 9.25* | 9.25 |
| **U.S. 3-month T-bills** | 8.67* | 8.62 |

**U.S. Treasury Bonds**

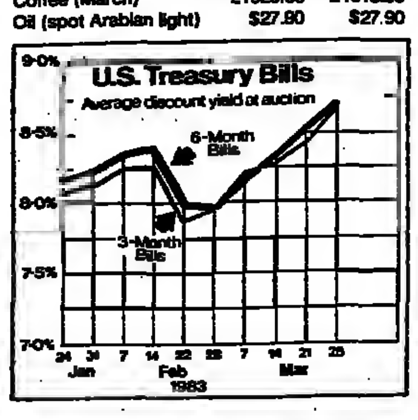
| | March 29 Price | March 29 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 9⅝ 1985 | 99 19/32* | 8.86* | 99 19/32 | 9.89 |
| 10½ 1990 | 99 23/32* | 10.54* | 99 19/32 | 10.59 |
| 10⅞ 1993 | 101 19/32* | 10.59* | 101 14/32 | 10.62 |
| 10⅜ 2012 | 97 14/32* | 10.65* | 97 7/32 | 10.68 |

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 76–08 | 76–12 | 75–28 | 75–27 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| June | 91.27 | 91.29 | 91.17 | 91.18 |
| **Cert Deposit (IMM)** $1m points of 100% | | | | |
| June | 90.57 | 90.58 | 90.43 | 90.44 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 90.27 | 90.30 | 90.15 | 90.22 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 102–29 | 103–05 | 102–22 | 102–27 |

**LONDON COMMODITY MARKETS**

| | March 29 | Prev |
|---|---|---|
| Silver (spot fixing) | 712.80p | 708.00p |
| Copper (cash) | £1117.50 | £1100.25 |
| Coffee (March) | £1925.00 | £1816.50 |
| Oil (spot Arabian light) | $27.90 | $27.90 |



# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 12¾ | 5¼ | AAR | .44 | 4.1 | 16 | 15 | 11 | 10¾ | 10¾ | -⅛ |
| 38 | 27½ | ACF | 2.76 | 8.8 | 8 | 200 | 31½ | 31 | 31½ | -⅛ |
| 20 | 12¼ | AMF | 1.36 | 8.1 | 32 | 226 | 17 | 16⅞ | 16⅞ | |
| 28⅝ | 13 | AMR Cp | | | | 2439 | 27⅞ | 25¼ | 25⅞ | -1⅛ |
| 14⅞ | 4 | AMR | wt | | | 806 | 13⅝ | 12½ | 12⅞ | -⅞ |
| 18¼ | 12⅞ | AMR | pf2.18 | 13 | | 16 | 17⅞ | 17⅛ | 17⅛ | -⅛ |
| 32⅞ | 24⅝ | AMR | pf2.13 | 7.1 | | 1117 | 30¼ | 29¼ | 30 | -⅛ |
| 6⅞ | 2¼ | APL | | | | 122 | 5½ | 5⅛ | 5½ | +⅛ |
| 47½ | 24¼ | ARA | 2 | 4.4 | 13 | 322 | 46⅛ | 45½ | 45⅞ | -⅛ |
| 79⅞ | 24½ | ASA | 3a | 5.1 | | 606 | 58⅞ | 57⅞ | 58¾ | +1⅛ |
| 28¼ | 13⅞ | AVX | .32 | 1.2 | 34 | 157 | 27½ | 26 | 26 | -1 |
| 44⅞ | 27⅞ | AbtLab | 1 | 2.3 | 16 | 739 | 43½ | 42⅞ | 43¼ | +⅛ |
| 27¼ | 26⅜ | AccoW | a.12e | .4 | 20 | 54 | 27½ | 27 | 27 | |
| 22½ | 16⅞ | AcmeC | .40 | 2.2 | 21 | 276 | 18½ | 18 | 18½ | +¼ |
| 12⅞ | 5¼ | AcmeE | .32b | 3.0 | 28 | 31 | 10⅞ | 10⅝ | 10¾ | -⅛ |
| 14 | 4⅝ | AdmDg | .04 | .3 | 13 | 351 | s14¼ | 13¾ | 14¼ | +1 |
| 17⅞ | 12½ | AdaEx | 1.73e | 11 | | 29 | 15⅝ | 15⅝ | 15⅝ | |
| 9⅝ | 4⅝ | AdmMl | .20e | 2.1 | 13 | 282 | 9⅞ | 9¼ | 9⅜ | +⅛ |
| 22¾ | 12⅞ | Advest | s.19 | .7 | 14 | 77 | 22¼ | 21¾ | 22 | |
| 38¼ | 13 | AMD | | | 51 | 1945 | 35½ | 33⅞ | 33¾ | -1 |
| 48¼ | 32⅞ | AetnLf | 2.64 | 6.7 | 8 | 906 | 39½ | 38⅞ | 39¼ | +⅛ |
| 65 | 52⅞ | AetL | pf3.70e | 6.6 | | 10 | 56¼ | 56⅛ | 56¼ | |
| 37⅞ | 8 | Ahmns | .80 | 1.9 | | 528 | 31⅞ | 31¼ | 31¼ | +⅛ |
| 4 | 2⅞ | Aileen | | | | 202 | 3⅞ | 3⅛ | 3⅛ | -⅛ |
| 48⅞ | 23¾ | AirPrd | .80 | 2.0 | 12 | 332 | 42 | 40⅞ | 40⅞ | -1⅛ |
| 24¼ | 8⅞ | AirbFrt | .60 | 3.8 | 28 | 553 | 20⅞ | 19 | 20⅞ | -⅛ |
| 6 | 2 | AlMoa | n | | 4 | 220 | 2⅞ | 2⅞ | 2⅞ | +⅛ |
| 21¾ | 24⅞ | AlaP | plA3.92 | 15 | | 19 | 30¼ | 30⅞ | 30¼ | +⅛ |
| 7¼ | 5⅞ | AlaP | dpf.87 | 12 | | 9 | 7⅞ | 7 | 7 | -⅛ |



Continued on Page 29

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# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 30

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 58 | 49 | WCNA | pf7.25 | 14 | | 7 | 50¾ | 50½ | 50⅞ | + ⅛ |
| 69½ | 50½ | WPacI | | | 12 | 5 | 68⅝ | 68½ | 68½ | − ⅛ |
| 54¼ | 25¼ | WUnion | 1.40 | 3.4 | 19 | 1084 | 42¼ | 41⅛ | 41⅝ | − ¾ |
| 10⅞ | 7⅞ | WUn | dpf1.19 | 13 | | 15 | 9⅞ | 9⅝ | 9⅝ | |
| 21¼ | 16⅝ | WUTl | pf2.80 | 12 | | 7 | 20½ | 20½ | 20½ | |
| 50⅛ | 23⅝ | WestgE | 1.80 | 5.0 | 9 | 2028 | 47¼ | 46¼ | 46⅞ | − ⅛ |
| 33⅞ | 16½ | Westvc | 1.20 | 3.7 | 14 | 28 | 32½ | 32¼ | 32¼ | |
| 40⅜ | 22½ | Weyerh | 1.30 | 3.4 | 43 | 521 | 38½ | 35 | 38½ | + ½ |
| 52 | 30¼ | Weyr | pf2.80 | 5.7 | | 68 | 49 | 48½ | 48⅞ | + ¾ |
| 55 | 37⅛ | Weyr | pr4.50 | 8.3 | | 32 | 54⅝ | 54 | 54 | − ⅛ |
| 19⅞ | 12⅛ | WhelPit | | | | 87 | 18¼ | 18 | 18¼ | |
| 35 | 30 | WhPit | pf 5 | 15 | | 250 | 33⅞ | 33¾ | 33⅞ | |
| 51¼ | 25 | Whrlpl | 1.80 | 3.7 | 13 | 626 | 48⅝ | 40 | 48⅞ | − ⅛ |

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## LONDON

### ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| Bellair Cosmetics | 42 | + 4 |
| Brit. Aerospace | 216 | −21 |
| Burmah Oil | 159 | +12 |
| Dunlop | 49 | + 4 |
| Esco | 728 | −17 |
| Glaxo | 840 | −10 |
| Hampton Areas | 178 | − 8 |
| London & Liverpool | 435 | −15 |
| Mallins | 182 | −21 |
| Rustenburg | 445 | +15 |
| Sotheby's | 530 | +20 |
| Trident TV A | 104½ | + 2½ |

### MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Mon. close | Day's change |
|---|---|---|---|
| Glaxo | 36 | 850 | −30 |
| Lon & Liv Tst | 20 | 450 | −30 |
| BAT Inds | 16 | 650 | −16 |
| Exco Intl | 16 | 745 | +12 |
| Leisure Inds | 16 | 300 | +38 |
| Arlen Elect | 15 | 288 | −10 |
| Racal Elect | 15 | 434 | — |
| Rediffusion | 14 | 343 | +13 |
| Waring & Gil | 14 | 115 | −20 |
| Davies & Nwmn | 13 | 145 | +23 |
| Lex Service | 13 | 229 | + 8 |
| BET Old | 12 | 243 | −16 |
| Bio-Isolates | 12 | 280 | +15 |
| Grand Met | 11 | 327 | − 6 |

### NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (72)

AMERICANS (8)

American Medical, Lowes, Dana Corp., Res. N.Y. Corp., Gillette, Rexnord, I.B.M., Saul (B. F.)

CANADIANS (2)

Bk. of Nova Scotia, Hawker Sid. Canada

MINES (3)

De Beers 40pc Pf., Radio City A H-V, Lydenburg, Tronoh

NEW LOWS (6)

BUILDINGS (2)

AMEC, Rohan

INDUSTRIALS (3)

Dyson (J. & J.) A, Wilkins Systems, Trident Computer

TEXTILES (1)

Dixon (David)

### RISES AND FALLS

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 25 | 75 | 58 |
| Corpns. Dom. & Foreign Bonds | 12 | 9 | 59 |
| Industrials | 169 | 368 | 796 |
| Financial & Props. | 69 | 130 | 321 |
| Oils | 17 | 25 | 48 |
| Plantations | — | 5 | 17 |
| Mines | 21 | 65 | 67 |
| Others | 25 | 83 | 58 |
| Totals | 338 | 701 | 1,438 |

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

### FIXED INTEREST

| | Price Indices | Tues March 29 | Day's change % | Mon March 28 |
|---|---|---|---|---|
| 2 | 5-15 years | 127.09 | +0.01 | 127.08 |
| 3 | Over 15 years | 136.18 | +0.05 | 136.11 |
| 4 | Irredeemables | 145.17 | — | 145.17 |
| 5 | All Stocks | 126.27 | +0.02 | 126.25 |
| 6 | Debentures and Loans | 101.15 | −0.18 | 101.33 |
| 7 | Preference | 80.09 | +0.04 | 80.06 |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## FINANCIAL TIMES STOCK INDICES

| | Mar. 29 | Mar. 22 | Mar. 25 | Mar. 24 | Mar. 93 | Mar. 22 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 79.93 | 79.91 | 80.63 | 80.62 | 78.86 | 80.45 | 62.30 |
| Fixed Interest | 82.29 | 82.52 | 82.75 | 82.39 | 82.06 | 82.48 | 69.38 |
| Industrial Ord. | 662.1 | 666.6 | 656.6 | 654.2 | 664.3 | 660.4 | 546.8 |
| Gold Mines | 531.5 | 538.1 | 537.8 | 550.7 | 549.3 | 558.8 | 346.8 |
| Ord. Div. Yield | 4.89 | 4.86 | 4.86 | 4.91 | 4.94 | 4.89 | 5.51 |
| Earnings, Yld.% (full) | 10.31 | 10.24 | 10.25 | 10.37 | 10.47 | 10.37 | 11.19 |
| P/E Ratio (net) (*) | 11.71 | 11.80 | 11.78 | 11.65 | 11.51 | 11.65 | 11.24 |
| Total bargains | 24,713 | 25,127 | 93,033 | 22,776 | 23,536 | 25,323 | 23,039 |
| Equity turnover £m. | — | 187.16 | 976.84 | 222.56 | 206.25 | 200.75 | 155.1 |
| Equity bargains | — | 22,053 | 18,537 | 19,396 | 18,674 | 19,774 | 22,458 |
| Shares traded (ml) | — | 120.3 | 168.6 | 149.2 | 128.7 | 128.1 | 109.4 |

10 am 653.9. 11 am 651.2. Noon 652.2. 1 pm 652.6. 2 pm 652.8. 3 pm 653.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Nil = 10.65.

Latest Index 01-246 8026.

### HIGHS AND LOWS

### S.E. ACTIVITY

| | Mar. 28 | Mar. 96 |
|---|---|---|
| Daily Gilt Edged Bargains | 199.6 | 193.6 |
| Equities Bargains | 149.9 | 122.6 |
| Equities Value | 372.2 | 659.6 |
| 5-day Avrge Gilt Edged Bargains | 192.6 | 126.6 |
| Equities Bargains | 122.7 | 197.9 |
| Equities Value | 444.5 | 441.2 |

## NEW YORK AND CANADA

### Indices

NEW YORK

| | Mar 29 | Mar 28 | Mar 25 | Mar 24 |
|---|---|---|---|---|
| | 87.24 | 87.34 | 87.81 | 88.2 |

| | High | Low | | Mar 29 | Mar 28 | Mar 25 |
|---|---|---|---|---|---|---|
| | 88.66 (7/3/83) | 58.8 (12/8/82) | Issues traded | 1861 | 1884 | 1884 |
| | | | Rises | 651 | 495 | 656 |
| | | | Falls | 792 | 28 | 872 |
| | | | Unchanged | 428 | 381 | 356 |

| | Mar 29 | Mar 28 | Mar 25 | Mar 24 | 1982-83 High | 1982-83 Low |
|---|---|---|---|---|---|---|
| MONTREAL Industrials | 354.33 | 354.58 | 356.43 | 356.29 | 360.58 (15/2/83) | 249.58 (21/6/82) |
| MONTREAL Combined | 351.78 | 351.49 | 351.97 | 351.66 | 360.8 (7/3/83) | 237.27 (21/6/82) |
| TORONTO Composite | 2122.3 | 1117.4 | 2122.8 | 1122.2 | 2170.8 (7/3/83) | 1365.7 (21/6/82) |

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

# NEW YORK CLOSING PRICES

Continued from Page 29

| 12 Month High | 12 Month Low | Stock | Div. | Yld | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 13¾ | 7½ | Wyly | | | 37 | 182 | 13⅛ | 12⅞ | 12⅞ | −⅛ |
| 16½ | 11⅛ | Wynns | .60 | 4.2 | | 14 | 14⅝ | 14⅜ | 14⅜ | |

X–Y–Z

| 12 Month High | 12 Month Low | Stock | Div. | Yld | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 42½ | 27⅛ | Xerox | 3 | 7.2 | 8 | 2202 | 41⅞ | 41⅛ | 41⅝ | + ⅝ |
| 51¼ | 49⅜ | Xerox | pf5.45 | 11 | | 65 | 50¾ | 50½ | 50¾ | |
| 24¾ | 10⅜ | XTRA | | 2.6 | 27 | 377 | u25 | 24½ | 24¾ | + ⅛ |
| 25⅜ | 17⅛ | ZaleCp | 1.28 | 5.3 | 32 | 84 | 24 | 24 | 24 | |
| 27⅞ | 11⅜ | Zapata | .84 | 5.7 | 3 | 869 | 15 | 14½ | 14¾ | + ⅛ |
| 75¼ | 27⅞ | Zayre | .60 | .8 | 16 | 317 | u75¾ | 74¾ | 75¼ | +1 |
| 18⅛ | 9¼ | ZenithR | | | | 473 | 16¼ | 16½ | 16⅞ | + ⅛ |
| 32⅞ | 13½ | Zero | s | .45 | 1.5 | 20 | 22 | 32⅞ | 32¾ | 32⅞ |
| 35¼ | 18½ | Zurnin | 1.32 | 3.9 | 9 | 45 | 33¾ | 33½ | 33⅞ | −½ |

# COMMODITIES AND AGRICULTURE

## U.S. may subsidise poultry sales

THE U.S. may decide to subsidisa poultry sales to Saudi Arabia, Mr John Block, the U.S. Agriculture Secretary, said in Riyadh yesterday.

He said be was under pressure to compete in the Saudi market sgainst subsidised poultry sales from the EEC and Brazil. U.S. shipments of chicken had fallen from 15,000 tonnes in 1980 to 400 tonnes in 1982. (Agencles)

POTATO consumption bas fallen sharply so far this year, according to the Potato Marketing Board. Its estimate for the year to May 31 is 105 kilos per head compared with 109 kilos a head indicated by trade returns up to the end of November.

● EUROPEAN COMMUNITY farm ministers have extended until April 25 the current marketing years for dairy products, beef, sheepmeat and dried fodder, following failure to agree on new farm prices

● SOVIET MINISTRIES connected with agriculture have been told to improve their performance this spring, and machinery and fertiliser suppliers have been told they must lower prices and improve quality.

● SALE OF OIL and gas exploration leases off the Massachusetts coast—one of the world's richest fishing preserves—have been halted pending a review of the effects on marine life.

● JAPAN'S LIGHT metal stockpile associatioo has bought 63,516 tonnes of primary aluminium, bringing to 145,654 tonnes the stockpile designed to help the aluminium industry.

● BRITISH FARMERS deal annually with enough manure to cover tha M1 from London to Leeds to a depth of 42 feet. Next month's Muck 83 conference will demonstrate storage, handling and spreading methods.

## Go-ahead for tin producers' pact

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES reached new highs on the London Metal Exchange yesterday, following a Reuter report that agreement had been reached to form a Tin Prodncers Association. Officials from seven leading tin exporting countries were finalising the text of an agreement at Ministerial level to set up the association.

Once the text has been signed, the agreement will still have to be ratified by member governments, and it is not clear yet whst role the new prodocer association will play. According to Reuter, it will concentrate initially on research and development of tin uses while economic provisions may be introduced at a later stage if the need arises.

It will thus complement, rather than compete with, the work of the International Tin Agreement between leading exporting and importing countries. Nevertheless, the formation of a producers pact does imply the possible threat of a "Tinpec" cartel developing in the years ahead.

For the moment, bowever, the buffer stock of the International Tin Coupcil remains in control of the market.

Overnight in Malaysia, support buying by the buffer stock helped push the Straits tin price in Penang up by \$M0.12 to \$M30.61 a kilo—still in the lower price range of the Tin Agreement. In London, cash tin rose by £44 to a record level of £9,257.5 a tonne, keeping sterling prices in line.

Meanwhile, aluminium and nicket values rose to new peaks on the London Metal Exchange yesterday, although gains were fairly modest by recent standards.

Copper prices rose otrongly following sustained speculative buying interest, eocouraged by the rally in gold and chartists forecasting a move to higher levels.

The cash price of high grade copper closed £12.25 up at £117.5 a tonne. In the U.S., Asarco raised its domestic selling price for copper by 1 cent to 78 cents a lb.

## Irish UHT imports resume

BY OUR COMMODITIES STAFF

BRITAIN has re-opened imports of long life milk from the Irish Republic. Bord Bainne, the Irish milk marketing board which was to have taken Britain to court over its han, has dropped the action.

"As a special arraogement recognising the trade which existed between the UK and Ireland, we have agread to allow a limited amount in," the Ministry of Agriculture and Fisheries oaid.

The Ministry said Bord Bainne hod agreed to comply witb the health requirements laid down by Britain.

Meanwhile, the Milk Marketing Board has announced proposals for a new milk pricing and payment system.

The board proposes that compositional payments should be related to fat, protein and lactose (instead of fat and solids-not-fat), with prices linked to actual market values of each constituent.

A "contemporary paymeot" system reflecting the actual compositional results schieved in any giveo mooth will replace the old "historic payment" based on average monthly figures.

Finally, the pattern of seasonal prices will be revised to help shift productioo from tha May peaks to fill the August-September trough.

## Bush fires devastate Ivory Coast plantations

By Peter Blackburn in Abidjan

BUSH FIRES in the Ivory Coast have destroyed 250,000 hectares of cocoa and coffee plantations and 400,000 hectares of forest, said Mr Christian Zagote, Minister of Forestry and Water Resources.

Giving the first overall assessment of fire damage, he said that the losses represented 65 per cent of agricultural production but be did not give any tonnage estimates of cocoa and coffee losses.

Mr Denis Bra Kanon, Agricultural Minister, said recently that the 1982-83 cocoa crop would be much less than last season's record 456,000 tonnes.

However, some independent observers felt that local press reports of a "national catastrophe" were "exaggerated." Aerial land surveys revealed that large areas had been burned, but it was difficult to assess the "effective" damage.

Helped by two decades of political stability, the former French colony has been among the fastest expanding economies in Africa.

Our Commodities staff writes: The Abidjan report lifted prices on the London cocoa and coffee futures markets although the fact that substantial crop damage had already been discounted made for an uncertain early tone.

The May delivery cocoa contract ended £28 bigher at £1,279.50 a tonne while May coffee closed £18.50 up at £1,922 a tonne, the highest level for about 3½ years.

Cocoa dealers said there was little sign of producer selling or manufacturer demand as prices rose. Coffee traders also reported a quiet physical market.

## Rain welcomed but drought continues

### Michael Thompson-Noel seeks silver linings in Australia's rain clouds

THE RAIN that washed across most of Eastern Australia this week has not officially broken the country's four-year drought—regarded by many as the worst since Australia's colonisation in 1788.

But in the words of Mr Neville "Nifty" Wran, premier of New South Wales, it was "liquid gold" that in many areas has healed tha scorched earth, set rivers flowing and provided s vitally-needed boost to the rural economy.

Normally, Australia is the world's biggest single exporter of beef and wool, and a major supplier of wheat. An estimated 1m jobs depend on the farm sector.

The current drought has gouged farm incomes, caused thousands of lay-offs, cost the federal and state governments dear in sid terms—and demoralised hundreds of outback and bush communities.

For one couple, Neville ond Amanda Foley, who have spent the past eight months droving 1,500 scarecrow sheep around southern New South Wales in a search for grass and water, the rains meant e sudden end to their dusty travels: The sheep are now munching happily in a paddock oear Queanbeyan.

In many communities, children bave run screaming for their lives at their first sight of rain.

Sydney's Bureau of Meteorology said Monday's drenchings were "drought-easing, not drought-breaking," though in Melbourne, Dr John Zillman, director of the hureau in Victoria, said that near-normal rains in the next few weeks would hreak the drought in most parts.

To date, the rains have falleo in the right way—gently, so as not to sweep away topsoil and at the right time—early enough to promote pasture growth ahead of the cooler months of the southern hemisphere winter ond ideal for wheat planting in May.

The impact of the drought will be felt for months. The estimated net real value of Australian farm income for 1982-83 is about A\$2.5bn (£1.3bn) against the A\$3.3bn expected last July, while farm debt has soared past A\$5bn.

The current wheat harvest is estimated at about 9m tonnes (45 per cent down on last year), and the value of sugar exports is put at about A\$540m, against a record A\$1.1bn in 1980-81.

Recently, the Australian Meat and Livestock Corporation estimated that cattle numbers would continue falling into next year, before levelling out at about 21m, against 33.4m in 1976. Recovery in herd numbers is not expected before 1987.

Farmers have also had to contend in recent months with horrific bush fires, which have incinerated thousands of head of livestock.

Wildlife has also suffered. Last Saturday, I visited Kuring-Gai national park, oorth of Sydney, and asked to see the koala reserve. "There was a fire bere a week ago," said the warden. "There are only two koalas left, both very scorched."

However, the drought-easing rains mean that across much of the eastern wheat belt, ground preparation can start next week, as a prelude to planting in late-May or June, with sowings expected to occupy a record 13.2m hectares.

The plunge into wheat is caused by farmers' need for immediate cash income, and by the fact that large tracts of land have been cleared of cattle and sheep.

With livestock prices starting to rise, many farmers will rely on wheat—with the result that land that has not seen a wheat crop in more than ten years will go under the plough.

However, depleted subsoil moisture through much of the grainbelt is likely to mean a relatively modest crop of about 17m tonnes—against a yield of up to 22m tonnes that could be expected from 13m hectares in bumper conditions.

With a guaranteed minimum price of about A\$146 a tonne expected by the Bureau of Agricultural Economics in Canberra, the wheat crop alone could be worth about A\$2.4bn—for government levies, aod raising the prospect of a reduction in farm debt and a minor boost for farm machinery and equipment sales.

But there is no silver lining without a cloud. Some estimates show that sharply reduced cattle slaughterings could cause a sudden spiral in retail meat prices, leading to strong upward movements in the consumer price index and thus testing the mettle of the new Labor government's prices and incomes agreement with the unions.

Mr John Kerrin, the new Minister for Primary Industry, is thought to oppose interference in the free auction system for farm commodities. Yet the resolve of the new government may be put to the test if the unions get angry over food prices.

## Hope for Australian economic recovery

CANBERRA—The farm sector will make o substantial recovery if the drought offecting most of eastern Australia ends by autumn, says the Goverment's Bureau of Agricultural Economics (BAE).

Recent widespread rain bas been beneficial, but must be followed by further falls, the BAE said in its quarterly trends analysis.

The rain, the recent 10 per cent devaluation of the Australian dollar and improved world economic prospects will all help the rural ecooomy in 1983-84. The BAE said most production gains will be made in cropping industries, with the exception of sugar. The livestock sector is expected to take several years to recover from drought losses.

The BAE put farm costs at A\$9.97bn (£5.97bn) under normal conditions or A\$9.82bn if the drought continues, against A\$9.24bn io the current year. It estimated the net value of farm output at A\$3.55bn or A\$2.3bn against A\$1.9bn in 1982-1983.

The index measuring the real net value of farm production will rise next year to either 76 or 49 from 44 this year (average 1971-72 to 1972-73 prices equal 100).

The 1983-84 wheat crop could produce up to 16.44m tonnes if there is an end to the drought which reduced the 1982-83 output to 8.88m tonnes from 16.33m tonnes the previous year. Output could be down to 10.75m tonnes if the drought continues. Wheat exports ore estimated at either 9.7m tonnes or 6.9m tonnes in 1983-84.

Wool prices could firm considerably without renewed rain, leaving output at 610m kilos greasy from 694m in the current year, pushing prices to around 510c per kilo clean. Normal weather would produce prices at 490c per kilo.

Row sugar output for 1983-84 will be cut to 3m tonnes from the 3.53m record of the previous season.

Rice exports in fiscal 1983-84 are forecast at 257,000 tonnes milled equivalent, against this year's 437,000 tonnes and 557,000 tonnes in 1981-82. Production from the current harvest is estimated at 448,000 tonnes, down from 857,000 tonnes.

The drought will also preclude almost all exports of oilseed products. The only exception will be about 230,000 tonnes of lupins, the BAE said. Agencies.

## PRICE CHANGES

| In tonnes unless stated otherwise | Mar. 29 1983 | + or — | Month ago | | Mar. 29 1983 | + or — | Month ago |
|---|---|---|---|---|---|---|---|
| Metals | | | | Oils | | | |
| Aluminium | £810/815 | ...... | £810/815 | Coconut (Phil) | \$510.5w | +5 | \$460 |
| Free Mkt | \$1540/1570 | +10 | \$1515-545 | Groundnut | ‡ | ...... | £440 |
| Copper | [illegible] | | | Linseed Crude | ‡ | ...... | £312 |

## BRITISH COMMODITY MARKETS

### BASE METALS

Base-metal prices rose sharply on the London Metal Exchange, especially copper which, after an initial dip to £1,141 from £1,145, surged ahead to close at the day's high of £1,157 following sizeable speculative and chartist buying. Lead traded around £320 [illegible]

### COPPER

### SILVER

### TIN

### LEAD

### ZINC

### ALUMINIUM

### NICKEL

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 3430-5 | +22.5 | 3445-55 | +16 |
| 3 months | 3625-35 | +22.5 | 3546-6 | +53 |

Barley: English Feed, fob: March and April/June 126.50, Aug 111.50, Sept 113.00 East Coast sellers. Rest unquoted.

### WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. [illegible]

### POTATOES

### RUBBER

### SOYABEAN MEAL

### SUGAR

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 28: Daily prices 6.43 (5.34); 15-day average 6.17 (6.15).

### COTTON

LIVERPOOL—No spot or shipment sales were registered. After the big [illegible]

### INDICES

### MEAT/FISH

### COCOA

### COFFEE

### GRAINS

## LONDON OIL

### SPOT PRICES

### GAS OIL FUTURES

## GOLD MARKETS

### LONDON FUTURES

## GOLD MARKETS

## EUROPEAN MARKETS

## AMERICAN MARKETS

NEW YORK, March 28.

Grains and soyabeans put on a very impressive performance with a strong rally: after a neutral opening in maize and a weak opening in wheat the markets found steady support from professional and commercial buying; soyabeans opened firm against expectations of a lower market and con- [illegible] selling was unable to break prices to new lows: technically the market received support on the long side. Cotton prices rallied sharply late in the day on indications of potential delays in crop planting due to excessive moisture conditions in central states. Coffee prices were essentially unchanged as the market was inactive; early commission house [illegible]

### NEW YORK

### CHICAGO

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1982/83 High | Low | Stock | Price £ | + or - | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 100⅝ | 92⅞ | Treasury 4½pc '83 | 99 15/16 | ..... | 4.29 | 10.68 |
| 104⅝ | 96⅞ | Exch. 13½pc '83 | 101 3/16 | -1/16 | 13.29 | 10.84 |
| 101¼ | 93⅞ | Exch. 10pc 1983 | 99 9/16 | | 10.04 | 10.56 |
| 98¼ | 87⅞ | Funding 5½pc '82-84‡‡ | 96⅞ | -⅛ | 5.68 | 9.61 |
| 103¾ | 91⅞ | Exch. 11¼pc 1984 | 100½ | -1/16 | 11.19 | 10.60 |
| 107¾ | 96¼ | Exchequer 14pc 1984 | 103 5/16 | | 15.58 | 11.07 |
| 94½ | 81⅛ | Exch. 3pc 1984 | 93⅛ | ..... | 3.21 | 0.82 |
| 105¼ | 41½ | Treasury 12pc 1984 | 101⅝ | ..... | 11.01 | 10.26 |
| 112 | 96¼ | Treasury 15pc 1985 | 106 5/16 | -1/16 | 14.08 | 11.05 |
| 112¾ | 103 | Exch. 12pc Cnv. '85 | 103¼ | | 11.62 | 10.12 |
| 41¼ | 73½ | Treasury 3pc 1985 | 89⅛ | -⅛ | 3.37 | 0.66 |
| 105½ | 07½ | Treasury 11½pc 1985 | 100 11/16 | +1/16 | 11.42 | 11.20 |
| 102 | 45½ | Treas 8¼pcCnv '85 | 96⅛ | +⅛ | 9.10 | 10.55 |
| 107⅝ | 88⅝ | Exch. 12¼pc 1985 | 101 11/16 | +1/16 | 12.05 | 11.46 |
| 106⅝ | 86⅛ | Exch. 11¾pc '86 | 100¼ | +1/16 | 11.65 | 11.37 |
| 89½ | 69 | Treasury 3pc 1986 | 85⅞ | | 3.49 | 8.20 |
| 27 | 26 | Exch 10½pc Cv '86(£25pd) | 26½ | | 10.52 | 10.56 |
| 107¾ | 86¾ | Treasury 12pc '86 | 101 7/16 | | 11.83 | 11.43 |
| 100 | 80⅛ | Treasury 8¼pc '84-86‡‡ | 49⅛ | ..... | 4.01 | 10.57 |
| 116¾ | 96⅞ | Treas. 12¾pc '86 Cnv. | 108 | -½ | 11.34 | 4.37 |
| 114 | 41⅞ | Exch. 14pc 1986 | 107 1/16xd | +3/16 | 13.08 | 11.56 |
| 112 | 90 | Exch. 13¾pc 1987 | 105⅛ | +1/16 | 12.61 | 11.55 |
| 89 3/16 | 83⅞ | Exchequer 2½pc 1987 | 83⅛ | -⅛ | 3.01 | 7.40 |
| 103½ | 95⅞ | Exch. 10½pc 1987 | 97 7/16xd | +1/16 | 10.78 | 11.31 |
| 98⅞ | 97¼ | Exch 10½pc 1987A | 97 5/16 | +1/16 | 10.79 | 11.34 |
| 43⅞ | 73⅞ | Funding 6½pc '85-87‡‡ | 89⅜xd | -⅛ | 7.27 | 4.72 |
| 85¼ | 64½ | Treasury 3pc 1987 | 81½ | -⅛ | 3.70 | 8.32 |
| 109 | 85⅞ | Treas 12pc 1987 | 101⅝xd | ..... | 11.81 | 11.54 |
| 98 | 72½ | Treasury 7¾pc '85-88‡‡ | 89⅛ | -⅛ | 8.67 | 10.61 |

### Five to Fifteen Years

### Over Fifteen Years

### Undated

### Index-Linked & Variable Rate

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Public Board and Ind.

## LOANS—Continued

### Financial

### Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, H.P. & LEASING

## BANKS—Continued

## Hire Purchase, Leasing, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS—Continued

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

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## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]



## MINES—Continued

### Central African

| 1982/83 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 300 | 15 | Falcon Rh 50c | 250 | .. | Q25c | 10.3 | 6.4 |
| 33 | 16 | Wankie Col. 251 | 19 | ... | tQ3c | 1.2 | 9.9 |
| 28 | 12 | Zam.Cpr.SBD0.24 | 19 | −1 | — | — | — |

### Australians

| 1982/83 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 28½ | 10 | ♥ACM 20c | 15 | +½ | — | — | — |
| 28 | 6 | ♥Argosy Gold NL 25c | 6½ | −½ | φ— | — | — |
| 25 | 11 | Balmoral Resources | 14 | | — | — | — |
| 61 | 42 | ♥Black Hill Mins | 42 | −1 | | | |
| 151 | 52 | ♥Bond Corp | 61 | ...... | gQ10c | 2.3 | 10.0 |
| 154 | 58 | ♥Bougainville 1 Kina | 132 | −6 | Q3.42c | φ | 2.1 |
| 273 | 141 | ♥CRA 50c | 256 | −2 | Q3c | — | 0.1 |
| 154 | 10 | ♥Carr Boyd 20c | 74 | .. .. | — | — | — |
| 16 | 19 | ♥Central Pacific | 20 | ... | — | — | — |
| 380 | 152 | ♥Crusader Oil | 230 | ... | — | — | — |
| 26 | 1 | ♥Cultus Pac NL | 8 | | — | — | — |
| 27 | 7 | ♥Eagle Corp 10c | 10½ | | — | — | — |
| 23 | 8½ | ♥Endeavour 20c | 9½ | ... | — | — | — |
| 810 | 120 | ♥GM Kalgoorlie 25c | 510 | .. | hQ10c | φ | 1.1 |
| 244 | 134 | Hampton Areas 10p | 178 | −8 | 91.15 | 2.8 | 1.1 |
| 32 | 10 | ♥Haoma NW | 16 | ... | — | — | — |
| 94 | 28 | ♥Hill Minerals N.L. | 45 | −1 | — | — | — |
| 22 | 9 | ♥Inital Mining | 14 | ... | — | — | — |
| 42 | 2 | ♥Kalbara Min 20c | 39 | +1½ | — | — | — |
| 15½ | 3 | ♥Keywest Expl | 14 | −1 | — | — | — |
| 130 | 30 | ♥Kitchener NL 25c | 54 | ...... | — | — | — |
| 190 | 92 | ♥Meekatharra 25c | 103 | .. | — | — | — |
| 44 | 15 | ♥Metals Ex 50c | 32 | . | — | — | — |
| 52 | 15 | ♥Metramar Mns 20c | 26 | . | — | — | — |
| 30 | 15 | ♥Mid East Mins A$1 | 23 | .. | — | — | — |
| 219 | 143 | ♥MIM Hldgs 50c | 242 | −3 | Q5c | — | 1.2 |
| 51 | 5 | ♥Mincorp 20c | 8 | | — | — | — |
| 0 | 2½ | ♥Minefields Expl 25c | 5 | ... | — | — | — |
| 34 | 14 | ♥Newmetal 20c | 28 | .. | — | — | — |
| 177 | 77 | ♥North B Hill 50c | 128 | −2 | gQ6c | 1.3 | 2.7 |
| 84 | 10 | Nth. Kalgurli | 38 | −1 | — | — | — |
| 123 | 58 | ♥Oakbridge 50c | 58 | .. | Q7c | 1.7 | 7.1 |
| 98 | 34 | ♥Pacific Copper | 48 | | — | — | — |
| 150 | 64 | ♥Pancont'l 25c | 86 | | — | — | — |
| 54 | 35 | Paringa Mng & Expln 5p | 50 | −4 | — | — | — |
| 448 | 211 | ♥Peko-Wallsend 50c | 338 | .... | Q1.5c | — | 8.3 |
| 31½ | 6 | ♥Pelsart Res NL | 8 | .. | — | — | — |
| 273 | 112 | ♥Renison 50c | 230 | ... | tQ5c | — | ‡ |
| 210 | 105 | ♥Do Deld | 205 | .. | — | — | — |
| 72 | 30 | ♥Selinrust A | 62 | | φ— | — | — |
| 21 | 7½ | ♥Southern Pacific | 8 | | — | — | — |
| 50 | 16 | ♥Swan Res 20c | 38 | .. | — | — | — |
| 52 | 39 | Utd Goldfields Cpn NL | 48 | +2 | — | — | — |
| 24 | 2½ | ♥West Coast 25c | 11 | . | — | — | — |
| 50 | 6 | ♥Western Cont. 50c | 23 | | — | — | — |
| 278 | 150 | Westn. Mining 50c | 237 | −2 | tQ2½c | φ | ‡ |
| 93 | 15 | ♥Whim Creek 20c | 58 | . | — | — | — |
| 30 | 6 | ♥York Resources | 12 | ... | — | — | — |

### Tins

| 1982/83 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 255 | 135 | Ayer Hitam $M1 | 225xd | −5 | tQ95c | 1.0 | ‡ |
| 150 | 55 | Geevor | 140 | +2 | — | — | — |
| 12 | 9½ | Gold & Base 12½p | 12 | | — | — | — |
| 630 | 250 | Gopeng Cons. | 435 | .. | 20.0 | 1.4 | 6.6 |
| 670 | 330 | Hongkong | 525 | .. | 21.0 | φ | 5.7 |
| 29 | 13 | Jantar 12½p | 18 | | 1.5 | 2.8 | 11.4 |
| 145 | 42 | Kamunting $M0.50 | 145 | | tvQ27½c | 8.0 | 5.7 |
| 100 | 350 | Killinghall $M1 | 650 | −25 | vQ50c | φ | 2.3 |
| 98 | 43 | Malaysia Mng 10c | 91 | −1 | vQ11.1c | 1.6 | 5.6 |
| 45 | 20 | ♥Pahang | 41 | ... | B$0.63 | 0.8 | ‡ |
| 450 | 280 | Pengkalen 10p | 325 | .. | 1.0 | — | 0.4 |
| 330 | 190 | Petaling $M1 | 320 | .. | vQ60c | 1.3 | 5.6 |
| 215 | 130 | Sungei Besi $M1 | 235 | | tvQ185c | 0.6 | ‡ |
| 55 | 25 | ♥Supreme Corp M$1 | 45 | .. | tvQ3½c | φ | 2.6 |
| 110 | 93 | Tanjong 15p | 102 | .. | g3.5 | — | 4.9 |
| 85 | 43 | ♥Tongkah H. Tin $M1 | 70 | | vQ5c | 1.3 | 1.8 |
| 285 | 125 | Tronoh $M1 | 285 | +5 | tvQ50c | 2.3 | 5.3 |

### Miscellaneous

| 1982/83 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 141 | Admiral Mines | 160 | +5 | — | — | — |
| 90 | 20 | ♥Anglo-Dominion | 70 | +15 | — | — | — |
| 125 | 25 | ♥Anglo Utd. Dev. | 82 | ... | — | — | — |
| 135 | 27 | ♥Colby Res Corp | 90 | +5 | — | — | — |
| 485 | 170 | Cons. Murch. 10c | 430 | ..... | tQ60c | 1.9 | ‡ |
| 8 | 1½ | ♥Explaura Gold | 3½ | −½ | — | — | — |
| 155 | 55 | ♥Highwood Res | 115 | −5 | — | — | — |
| £20¾ | £12½ | Homestake Mining $1 | £16⅝ | −⅛ | Q40c | — | 1.6 |
| 495 | 260 | Northgate C$1 | 380 | .. | — | — | — |
| 552 | 344 | R.T.Z. | 510 | −3 | 16.0 | 1.6 | 4.5 |
| £122 | £84 | Do 9½% Cnv Ln '95-2000 | £114 | −1½ | Q9½% | 23.9 | 8.5 |
| 33 | 15 | ♥Sabina Inds C$1 | 25 | −1 | — | — | — |
| 11½ | 12½ | ♥Southwest Res 10p | 13½ | +½ | — | — | — |
| 530 | [illegible]0 | ♥Yukara Expln $1 | 460 | −5 | — | — | — |

## NOTES

[illegible]

## REGIONAL AND IRISH STOCKS

[illegible]

## OPTIONS

### 3-month Call Rates

[illegible]

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# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar and sterling show little change

TRADING was rather quiet in currency markets yesterday. End of quarter and financial year influences were responsible for some of the business seen while there appeared to be little in the way of fresh news to stimulate trading ahead of the long Easter break. Central bank activity within the EMS was one of the more noticeable factors with the French franc and Irish punt both trading at their upper levels against the Deutschemark. The dollar was hardly changed overall as Euro-dollar rates were only marginally firmer apart from a slightly more pronounced squeeze at the short end while sterling remained on the sidelines for much of the day.

DOLLAR — Trade weighted index (Bank of England) 123.0 against 123.4 six months ago. The dollar has shown renewed strength as a safe haven for funds during a time of extreme uncertainty about the effects of falling oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected, partly because of the high level of Federal funding, while money supply growth and fears of a tightening of credit policies have kept the dollar firm.

The dollar closed at DM 2.4305 from DM 2.4345 against the Deutschemark and SwFrs 2.0810 from SwFrs 2.0850. Against the yen it eased to Y239.75 from Y240.10 and FFr 7.2875 compared with FFr 7.2975.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.4540. February average 1.5735. Trade weighted index 78.2 against 78.2 at noon and the opening and compared with 78.1 on Monday and 91.6 six months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices, as fears of a possible price war between Britain and Nigeria continue to overhang the market.

Sterling opened at $1.4580-$1.4590 against the dollar, its best level of the day before slipping to a low of $1.4530. It closed at $1.4540-1.4550, a rise of just 5 points from Monday. Against the D-mark it fell to DM 3.5375 from DM 3.5425 and SwFr 3.03 compared with SwFr 3.0350. It was also lower against the French franc at FFr 10.60 from FFr 10.6075 but was unchanged against the yen at Y349½.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4260. Trade weighted index 131.2 against 125.2 six months ago. German economic strength and low inflation compared with many of its neighbours have once again caused strains within the EMS. The latest realignment gives the D-mark room for further appreciation as it is currently placed at the bottom of the system.

The Bundesbank was active at yesterday's fixing in Frankfurt, helping to relieve upward pressure on the stronger members of the EMS. The French franc and Irish punt were both fixed at their ceiling rates against the D-mark and the Bundesbank sold an estimated I£30,000 and FFr 197m. Elsewhere sterling was fixed at DM 3.535 down from DM 3.542 while the dollar eased marginally to DM 2.4310 from DM 2.4325.

FRENCH FRANC — Trading range against the dollar in 1982-1983 is 7.3250 to 5.6850. February average 6.8791. Trade weighted index 71.1 against 72.6 six months ago. The French franc is now placed near the top of the EMS after the realignment, allowing the authorities to lower interest rates a little. Although unpopular domestically, the latest package of austerity measures will help to reduce France's sizeable current account and budget deficits.

The French franc was trading at its EMS ceiling against the D-mark for the sixth consecutive day in Paris yesterday. The D-mark was fixed at its floor level of FFr 2.9985 and the Bank of France bought an estimated DM 250m at the fixing. Elsewhere the dollar was fixed at FFr 7.2985 up from FFr 7.2940 on Monday.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU March 29 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.3662 | 44.3669 | — | −0.21 | ±1.5430 |
| Danish Krone ... | 0.04412 | 7.94961 | −1.17 | −1.38 | ±1.6419 |
| German D-Mark | 2.21515 | 2.23831 | +1.05 | +0.84 | ±1.0567 |
| French Franc ... | 0.79271 | 6.71162 | −1.19 | −1.40 | ±1.4018 |
| Dutch Guilder ... | 2.49587 | 2.52244 | +1.06 | +0.85 | ±1.4941 |
| Irish Punt ...... | 0.71705 | 0.708592 | −1.10 | −1.38 | ±1.6696 |
| Italian Lira ...... | 1386.78 | 1333.45 | −3.85 | −3.85 | ±4.1463 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### OTHER CURRENCIES

| Mar. 29 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso... | 96,955-97,129 | 66,680-66,730 | Austria........ | 24.80-25.10 |
| Australia Dollar... | 1.6760-1.6785 | 1.1550-1.1540 | Belgium........ | 71.85-78.30 |
| Brazil Cruzeiro | 604.0-608.0 | 415.40-417.54 | Denmark........ | 12.08-12.54 |
| Finland Markka... | 7.0580-7.9805 | 5.4820-5.4840 | France........ | 10.50-10.71 |
| Greek Drachma... | 120.552-183.012 | 83.80-84.10 | Germany........ | 3.02¼-3.50¼ |
| Hong Kong Dollar | 0.780-8.798 | 0.7310-6.7360 | Italy........ | 2085-2115 |
| Iran Rial........ | 124.70* | 80.10* | Japan........ | 348-303 |
| Kuwait Dinar (KD) | 0.4245-0.4275 | 0.0005-0.2930 | Netherlands........ | 3.96½-4.00½ |
| Luxembourg Fr... | 70.10-70.25 | 48.24-48.00 | Norway........ | 10.50-10.60 |
| Malaysia Dollar... | 3.35-3.00 | 0.0045-2.3065 | Portugal........ | 138-155 |
| New Zealand Dlr. | 8.2085-8.2445 | 1.5410-1.5430 | Spain........ | 189½-204 |
| Saudi Arab. Riyal | 5.0010-5.0085 | 0.4400-3.4410 | Sweden........ | 10.95-11.05 |
| Singapore Dollar | 3.0450-3.0640 | 2.0950-2.0970 | Switzerland........ | 3.02-3.05 |
| Sth. African Rand | 1.5950-1.5955 | 1.0080-1.0970 | United States........ | 1.44½-1.46½ |
| U.A.E. Dirham... | 5.3375-5.3465 | 3.6710-3.6730 | Yugoslavia........ | 107-123 |

*Selling rates.

### CURRENCY MOVEMENTS

| Mar. 29 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling........ | 78.2 | −41.3 |
| U.S. dollar........ | 123.0 | +18.0 |
| Canadian dollar........ | 91.0 | −17.0 |
| Austrian schilling.. | 122.2 | +31.4 |
| Belgian franc........ | 95.1 | −0.0 |
| Danish kroner........ | 85.2 | −8.7 |
| Deutsche mark........ | 101.2 | +02.8 |
| Swiss franc........ | 140.3 | +105.0 |
| Guilder........ | 113.0 | +87.0 |
| French franc........ | 71.1 | −22.5 |
| Lira........ | 52.4 | −58.0 |
| Yen........ | 144.8 | +03.5 |

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Mar. 29 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling........ | — | 0.739405 | 0.622507 |
| U.S. $........ | 8½ | 1.07574 | 0.9220094 |
| Canadian $........ | 9.01 | * | 1.10282 |
| Austria Sch........ | 3¾ | 18.5810 | 15.7580 |
| Belgian F........ | 11 | 51.0556 | 44.3669 |
| Danish Kr........ | 8½ | 0.29439 | 7.94961 |
| D mark........ | 4 | 0.61512 | 8.23831 |
| Guilder........ | 5½ | 8.25075 | 2.58244 |
| French F........ | 9½ | 7.85129 | 0.71152 |
| Lira........ | 18 | 1550.02 | 1333.45 |
| Yen........ | 5½ | 057.371 | 281.007 |
| Norwgn Kr........ | 8 | 7.77868 | 0.65590 |
| Spanish Pta........ | — | 147.072 | 180.140 |
| Swedish Kr........ | 8½ | 8.11000 | 6.94185 |
| Swiss Fr........ | 4 | 2.34401 | 1.91956 |
| Greek Dr'ch........ | 20½ | 90.4105 | 77.2081 |

* CS/SDR rate for March 29: 1.32461.

### THE POUND SPOT AND FORWARD

| March 29 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.4530-1.4590 | 1.4540-1.4550 | 0.15-0.10c pm | 1.03 | 0.41-0.36 pm | 1.06 |
| Canada | 1.7880-1.7900 | 1.7890-1.7900 | 0.23-0.13c pm | 1.21 | 0.60-0.50 pm | 1.23 |
| Nethlnd. | 3.97-4.00 | 3.96½-3.99½ | 2¾-2c pm | 8.77 | 8¾-6¾ pm | 8.52 |
| Belgium | 70.05-70.40 | 70.15-70.25 | 8-18c dis | −2.22 | 25-35 dis | −1.71 |
| Denmark | 12.53-12.60 | 12.54½-12.55½ | 4⅝-5ore dis | −4.42 | 8¼-10¼ dis | −3.91 |
| Ireland | 1.1170-1.1250 | 1.1190-1.1190 | 0.53-0.71p dis | −6.65 | 1.11-1.36dis | −4.42 |
| W. Ger. | 3.52½-3.56½ | 3.53½-3.54½ | 1½-1⅛pf pm | 5.51 | 5¼-4¾ pm | 5.65 |
| Portugal | 141.00-143.00 | 141.75-142.75 | 345-1225c dis | −88.22 | 615-2090dis | −36.77 |
| Spain | 186.75-199.75 | 189.00-189.20 | 120-240c dis | −10.85 | 360-540 dis | −9.24 |
| Italy | 2105-2114 | 2106-2108 | 9-13lire dis | −0.26 | 32-38 dis | −6.64 |
| Norway | 10.50-10.55 | 10.51½-10.52½ | 2¾-3¾ore dis | −3.42 | 8½-9½ dis | −3.42 |
| France | 10.58-10.63 | 10.59½-10.60½ | ¼-1¼c dis | −1.13 | 2¾-4¾ dis | −1.32 |
| Sweden | 10.95½-11.01½ | 10.96-10.97 | ¼ore pm-par | 0.34 | ⅛ pm-⅛ dis | −0.09 |
| Japan | 348-351 | 349-350 | 1.25-1.05y pm | 3.95 | 3.70-3.50 pm | 4.12 |
| Austria | 24.75-24.95 | 24.85-24.90 | 11½-10½gro pm | 5.21 | 34½-29½ pm | 5.16 |
| Switz. | 3.02-3.05 | 3.02½-3.03½ | 1½-1⅛c pm | 6.43 | 5¼-4⅝ pm | 6.60 |

Belgian rate is for convertible francs. Financial franc 71.90-72.00. Six-month forward dollar 0.62-0.56c pm. 12-month 0.95-0.80c pm.

### THE DOLLAR SPOT AND FORWARD

| March 29 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4530-1.4590 | 1.4540-1.4550 | 0.15-0.10c pm | 1.03 | 0.41-0.36 pm | 1.06 |
| Ireland† | 1.2970-1.3020 | 1.3000-1.3015 | 0.80-0.70c pm | 6.93 | 1.65-1.45 pm | 4.78 |
| Canada | 1.2305-1.2315 | 1.2305-1.2310 | 0.06-0.01c pm | 0.34 | 0.05 pm-par | 0.08 |
| Nethlnd. | 2.7370-2.7435 | 2.7385-2.7405 | 1.30-1.20c pm | 5.62 | 3.65-3.55 pm | 5.25 |
| Belgium | 48.19-48.31 | 48.24-48.26 | 11-16c dis | −3.36 | 34-38 dis | −3.02 |
| Denmark | 8.6230-8.6425 | 8.6325-8.6425 | 3¼-4¼ore dis | −5.56 | 6¼-7¼ dis | −3.36 |
| W. Ger. | 2.4280-2.4335 | 2.4300-2.4310 | 0.77-0.82pf pm | 4.63 | 2.37-2.32 pm | 4.35 |
| Portugal | 97.00-99.00 | 97.50-98.50 | 250-850c dis | −67.39 | 450-1450dis | −38.77 |
| Spain | 130.45-137.15 | 130.75-130.85 | 100-200c dis | −13.15 | 300-425dis | −11.08 |
| Italy | 1448-1450 | 1448-1449 | 9¼-11lire dis | −8.49 | 28-32 dis | −8.29 |
| Norway | 7.2250-7.2275 | 7.2250-7.2300 | 2.70-3.30ore dis | −4.98 | 7.70-8.30dis | −4.42 |
| France | 7.2800-7.3000 | 7.2850-7.2900 | 1.00-1.50c dis | −2.06 | 3.20-4.00dis | −1.98 |
| Sweden | 7.5380-7.5480 | 7.5430-7.5480 | 0.35-0.65ore dis | −0.96 | 1.95-2.45dis | −1.17 |
| Japan | 239.90-240.50 | 239.60-240.00 | 0.56-0.46y pm | 2.57 | 1.68-1.76 pm | 3.05 |
| Austria | 17.08-17.12 | 17.08-17.09 | 6¼-5¾gro pm | 3.99 | 18-18½ pm | 4.15 |
| Switz. | 2.0770-2.0880 | 2.0805-2.0815 | 0.90-0.85c pm | 5.04 | 2.80-2.63 pm | 5.58 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.43-49.53.

### EXCHANGE CROSS RATES

| Mar. 29 | Pound St'rling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.455 | 3.538 | 349.5 | 10.60 | 3.030 | 3.968 | 2107. | 1.790 | 70.20 |
| U.S. Dollar | 0.686 | 1. | 2.432 | 240.2 | 7.288 | 2.080 | 2.741 | 1448. | 1.230 | 48.26 |
| Deutschemark | 0.283 | 0.411 | 1. | 98.80 | 2.996 | 0.857 | 1.127 | 595.6 | 0.506 | 19.84 |
| Japanese Yen 1,000 | 2.861 | 4.163 | 10.12 | 1000. | 30.33 | 8.670 | 11.41 | 6030. | 5.120 | 200.9 |
| French Franc 10 | 0.943 | 1.372 | 3.337 | 329.7 | 10. | 2.858 | 3.762 | 1988. | 1.688 | 66.23 |
| Swiss Franc | 0.330 | 0.480 | 1.167 | 115.3 | 3.498 | 1. | 1.316 | 695.4 | 0.581 | 23.17 |
| Dutch Guilder | 0.201 | 0.365 | 0.887 | 87.66 | 2.658 | 0.760 | 1. | 028.4 | 0.449 | 17.01 |
| Italian Lira 1,000 | 0.475 | 0.690 | 1.678 | 165.8 | 5.031 | 1.438 | 1.893 | 1000. | 0.848 | 33.03 |
| Canadian Dollar | 0.559 | 0.813 | 1.977 | 195.3 | 5.023 | 1.693 | 2.288 | 1177. | 1. | 39.23 |
| Belgian Franc 100 | 1.406 | 2.070 | 5.039 | 497.9 | 15.10 | 4.316 | 5.680 | 3001. | 8.548 | 100. |

## FINANCIAL FUTURES

# Quiet trading

Trading was a little subdued in the London International Financial Futures Exchange yesterday. In the Euro-dollar sector prices opened lower from Monday, following a downturn in Chicago but then attracted good support which continued after the opening of Chicago. Prices fell towards the close influenced principally by a higher Federal funds rate. The June price opened at 90.15 down from 90.22 on Monday and rose to a best level of 90.30 before slipping back to finish at 90.27. Fears of higher U.S. interest rates remained and a squeeze on funds certainly looked likely to push up rates at the short end. The longer term picture was less clear although there was some evidence that the authorities ability to push rates firmer would not be consistent with small but persistent indications of a mild economic upturn in the U.S.

Sterling based contracts were a little lethargic as shown by a fall in turnover although in defence there was little in the market to stimulate much business. After opening around the day's high of 89.63, the June sterling price slipped to a low of 89.50 before coming back to finish at 89.60, hardly changed from Monday's close of 89.61. Sentiment remained influenced by the performance of sterling with the latter showing very little overall movement. There was also little activity in the cash market with rates finishing a little firmer in places. The June gilt opened at 103-02 and traded between a high of 103.05 and a low of 102-22 before finishing at 102-29.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 90.27 | 90.30 | 90.15 | 90.22 |
| Sept | 90.91 | 90.10 | 89.90 | 90.02 |
| Dec | 89.96 | 89.92 | 89.87 | 89.90 |
| March | 89.83 | 89.85 | 89.70 | 89.83 |
| June | — | — | — | — |

Volume 1,350 (1,649)
Previous day's open int (3,617)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 89.60 | 89.63 | 89.50 | 89.61 |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | 89.87 | | | |

Volume 329 (1,043)
Previous day's open int (2,954)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 102-29 | 103-05 | 102-22 | 102-31 |
| June | 102-29 | 103-05 | 102-22 | 102-27 |
| Sept | 102-18 | 102-10 | 102-17 | 102-15 |
| Dec | 103-13 | — | — | 103-01 |
| March | — | — | — | 102-30 |

Volume 591 (1,103)
Previous day's open int (2,199)
Basis quote (clean cash price of 15¼% Treasury 1985 less equivalent price of June futures contract) 8 to 18 (32nds)

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4515 | 1.4554 | 1.4515 | 1.4510 |
| Sept | 1.4490 | 1.4529 | 1.4490 | 1.4490 |
| Dec | — | — | — | — |

Volume 461 (202)
Previous day's open int (737)

DEUTSCHE MARKS DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4164 | 0.4154 | 0.4148 | 0.4146 |
| Sept | 0.4205 | — | — | 0.4195 |

Volume 82 (162)
Previous day's open int (386)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4880 | 0.4890 | 0.4840 | 0.4849 |
| Sept | 0.4927 | — | — | 0.4930 |
| Dec 31 | — | — | — | — |

Volume (41)
Previous day's open int (305)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4194 | 0.4207 | 0.4188 | 0.4190 |
| Sept | 0.4254 | 0.4254 | 0.4245 | 0.4260 |

Volume 46 (63)
Previous day's open int (251)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 76-00 | 76-10 | 75-29 | 75-27 |
| Sept | 75-18 | 75-23 | 75-13 | 75-11 |
| Dec | 75-03 | 76-12 | 75-01 | 74-30 |
| March | 74-24 | 74-31 | 74-22 | 74-19 |
| June | 74-13 | 74-20 | 74-13 | 74-10 |
| Sept | 74-05 | 74-12 | 74-05 | 74-02 |
| Dec | 73-30 | 74-05 | 73-30 | 73-27 |
| March | 73-24 | 74-00 | 73-24 | 73-21 |
| June | — | — | — | 73-16 |
| Sept | — | — | — | — |
| Dec | — | — | — | 73-06 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 91.25 | 91.29 | 91.17 | 91.10 |
| Sept | 91.07 | 91.11 | 91.01 | 91.01 |
| Dec | 90.93 | 90.98 | 90.91 | 90.88 |
| March | 90.77 | 90.80 | 90.77 | 90.73 |
| June | 90.58 | 90.61 | 90.57 | 90.57 |
| Sept | 90.44 | 90.44 | 90.41 | 90.41 |
| Dec | 90.24 | 90.24 | 90.24 | 90.24 |
| March | — | — | — | 90.56 |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 90.16 | 90.15 | 90.04 | 90.01 |
| Sept | 90.61 | 90.61 | 90.54 | 90.86 |
| Dec | 90.50 | 90.57 | 90.43 | 90.44 |
| March | 90.30 | 90.32 | 90.21 | 90.20 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 90.27 | 90.27 | 90.16 | 89.88 |
| Sept | 89.73 | 89.82 | 89.70 | 89.69 |
| Dec | 89.62 | 89.66 | 89.54 | 89.52 |
| March | — | — | — | — |
| June | — | 89.50 | — | 89.39 |

STERLING (IMM) $ per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4505 | 1.4625 | 1.4500 | 1.4520 |
| Sept | 1.4485 | 1.4510 | 1.4485 | 1.4505 |
| Dec | 1.4480 | 1.4500 | 1.4475 | 1.4490 |
| March | — | — | — | 1.4480 |

GNMA (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 69-06 | 69-18 | 69-04 | 69-11 |
| Sept | 68-12 | 68-23 | 68-10 | 68-15 |
| Dec | 67-21 | 68-01 | 67-21 | 67-26 |
| March | 67-02 | 67-12 | 67-02 | 67-07 |
| June | 66-21 | 66-27 | 66-21 | 66-23 |
| Sept | 66-19 | 66-25 | 66-16 | 66-25 |
| Dec | 66-05 | 66-12 | 66-05 | 66-12 |
| March | 65-29 | 66-06 | 65-29 | 66-01 |
| June | — | — | — | — |
| Sept | — | — | — | — |
| Dec | — | — | — | — |

## MONEY MARKETS

# London rates steady to firmer

UK clearing bank base lending rate 10½ per cent (since March 15 and 16)

UK interest rates were mostly unchanged yesterday although some of the longer dates registered small rises as concern continued over the weakness of sterling and also uncertainty about the short term outlook on U.S. interest rates. Overnight money in the interbank market opened at a nominal 10¾-11 per cent before easing to 10½ per cent. Rates touched 9¾ per cent but came back to 10¼ per cent. During the afternoon rates fell to 5 per cent with last offerings at 1 per cent.

The Bank forecast a shortage of around £200m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£216m and the unwinding of previous sale and repurchase agreements −£384m. On the other hand Exchequer transactions added £280m to the system. The shortage was later revised to £250m and the Bank gave assistance in the morning of £259m, comprising purchases of £24m of eligible bank bills in band 1 (up to 14 days at 10⁷⁄₁₆ per cent and £206m in band 2 (15-33 days) at 10½ per cent. In band 3 (34-63 days) it bought £29m of Treasury bills at 10⅜ per cent. The forecast was later revised to a shortage of £150m.

In Frankfurt call money was quoted at 5.05-5.10 per cent as banks sought to meet end of month requirements. Funds were also drained by a seasonal increase in the note circulation ahead of the long Easter break. Banks met the shortfall by drawing on funds available through the Lombard facility with the latter rising to an estimated DM 9.5bn.

In Rome speculation increased ahead of an expected meeting of the Italian Banking Association later this week over the possibility of a reduction in Italian prime rates, currently standing at 20 per cent. Such a move is now seen as more likely following last week's EMS reshuffle.

In Paris call money was cut to 12½ per cent from 12¾ per cent, conditions. The authorities' reflecting an easing in credit ability to reduce interest rates was also enhanced by the stronger performance of the French franc following the latest EMS realignment.

### LONDON MONEY RATES

| Mar. 29 1983 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ф | Eligible Bank Bills ф | Fine Trade Bills ф |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight........ | — | 1-11 | — | — | — | 5-10⅞ | 8-10¾ | — | — | — |
| 2 days notice .. | — | — | 10⅞ | — | — | — | — | — | — | — |
| 7 days or ........ | — | — | — | — | — | 11-11⅛ | — | — | — | — |
| 7 days notice .. | — | 10¾-11 | 10⅞ | — | — | 11⅛ | 10¼-10¾ | — | — | — |
| One month........ | 11-10⅞ | 10⅞ 11 | 11 | 11⅛-11⅛ | 10⅞ | 11¼ | 10½-10⅝ | 10⅞ | 10⅞ | 11⅛ |
| Two months ... | 11-10⅞ | 10⅞ 11 | 10⅞ | 11⅛-11 | 10⅞ | 11¼ | 10¼-10⅝ | 10⅞-10⅞ | 10½ | 11⅛ |
| Three months. | 11 10⅞ | 10⅞-11⅛ | 10⅞ | 11¼-10⅞ | 11 | — | 10⅛-10¼ | 10⅞-10⅞ | 10⅝ | 11 |
| Six months...... | 10⅞-10⅝ | 10⅞-11 | 11 | 10⅝-10⅝ | 11 | — | — | — | 10⅞ | 10⅞ |
| Nine months... | 10¾-10⅞ | 10¾-10⅞ | 11 | 11⅛-10¾ | 10⅞ | — | — | — | — | — |
| One year ........ | 10⅞-10⅞ | 10¾-10⅞ | 10⅞ | 11-10⅝ | 10⅞ | — | — | — | — | — |
| Two years ...... | — | — | 11¼ | — | — | — | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.391 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½ per cent; four years 11½ per cent; five years 11½ per cent. фBank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 10½ per cent; four months trade bills 11¼ per cent.

Approximate selling rate for one month Treasury bills 10¹¹⁄₃₂-10½ per cent; two months 10¹¹⁄₃₂-10⅛ per cent; and three months 10⁹⁄₃₂-10⅛ per cent. Approximate selling rate for one month bank bills 10½-10¹¹⁄₁₂ per cent; two months 10¹¹⁄₃₂-10⅛ per cent and three months 10⁵⁄₁₆ per cent; trade bills 10¹⁵⁄₁₆ per cent; two months 10⅝ per cent and three months 10⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1982. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums of seven days' notice 7½ per cent.

Treasury Bills: Average tender rates of discount 10.2272 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11 per cent; one-three month 11 per cent; three-six month 10¾ per cent; six-12 month 10¾ per cent. Under £100,000 10¼ per cent from March 29. Deposits held under Series 3-5 10¾ per cent. The rates for all deposits withdrawn for cash 8 per cent.

## INTEREST RATES

### EURO-CURRENCY INTEREST RATES

(Market closing rates)

| Mar. 29 | Short term | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling........ | 10⅝-10⅞ | 10¾-11 | 10⅞-11 | 11-11⅛ | 10⅞-11 | 10⅞ 11 |
| U.S. Dollar... | 0-0¼ | 0-8¼ | 8⅞ 8½ | 8⅝-8⅞ | 9¾-10 | 0⅞ 10⅞ |
| Can. Dollar... | 8.0 | 8-0 | 8-8¼ | 0¼-8¼ | 9⅝ 0⅞ | 0⅛-10¼ |
| D. Guilder ... | 5⅞-3⅞ | 3⅞ 4⅞ | 0⅞-4 | 4⅞-4⅞ | 4¾ 4⅞ | 5⅞-5⅞ |
| S. Franc........ | ⅞-1 | 10⅞-11⅛ | 4⅞ 4⅞ | 4⅛ 4¼ | 4⅛ 4¼ | 4⅛ 4¼ |
| Deutschm'rk | 4¾-4⅞ | 4⅞ 4⅞ | 4⅞ 4⅞ | 4⅞-5 | 5⅞-5⅞ | 3⅛-5⅞ |
| Fr'nch Franc | 12-12⅛ | 12-18½ | 11⅞-18½ | 12-18½ | 15⅝-14⅛ | 14⅞-15⅝ |
| Italian Lira... | 17-20 | 10⅝-17⅝ | 10¼-18⅛ | 17⅛ 18⅛ | 17⅞-18⅝ | 17⅞-18¾ |
| Belg. Franc.. | | | | | | |
| Conv........ | 11-10 | 13-15 | 11⅞-12⅞ | 10-18⅛ | 18¼-12¾ | 18⅛-13 |
| Fin........ | 12-18½ | 12 12⅛ | 12-18¼ | 12-18¼ | 12 18¼ | 11⅞-18⅛ |
| Yen........ | 7¼-7⅛ | 7⅛-7⅞ | 8⅞-8⅞ | 6⅝-8⅞ | 8⅛-5⅝ | 8⅞-0⅞ |
| D. Krone........ | 15-15½ | 10⅛-10 | 15-10¼ | 13¾-14¼ | 14 14½ | 14⅞-14¾ |
| Asia $ (Sing.) | 10¼-10½ | 9⅞-10⅞ | 8⅞-8⅞ | 8⅝-0⅞ | 8⅞-10 | 10-10⅛ |

### FT LONDON INTERBANK FIXING

(11.00 a.m. MARCH 29)

| 3 month U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 9 3/4 | offer 9 7/8 | bid 9 7/8 | offer 10 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime rate .................. | 10½ |
| Fed funds (lunch-time)... | 9-9¼ |
| Treasury bills (13-week) | 8.63 |
| Treasury bills (26-week) | 8.64 |

**GERMANY**

| | |
|---|---|
| Lombard .................. | 0.0 |
| Overnight rate .......... | 5.05 |
| One month .................. | 5.30 |
| Three months .................. | 5.30 |
| Six months .................. | 5.35 |

**FRANCE**

| | |
|---|---|
| Intervention rate .......... | 12.5 |
| Overnight rate .......... | 12.5 |
| One month .................. | 11.9375 |
| Three months .................. | 11.9375 |
| Six months .................. | 11.9375 |

**JAPAN**

| | |
|---|---|
| Discount rate .................. | 5.5 |
| Call (unconditional) .. .. | 5.71875 |
| Bill discount (3-month) | 0.84375 |

**SWITZERLAND**

| | |
|---|---|
| Discount rate .................. | 4 |
| Overnight rate .......... | 10-10½ |
| One month .................. | 4¼-4¼ |
| Three months .................. | [illegible] |

**NETHERLANDS**

| | |
|---|---|
| Discount rate .................. | 3½ |
| Overnight rate .......... | 3⅞-4⅛ |
| One month .................. | 3⅝-3¹¹⁄₁₆ |
| Three months .................. | 4⅛-4⅛ |
| Six months .................. | 4½-4⅝ |

**$ CERTIFICATES OF DEPOSIT**

| | |
|---|---|
| One month .................. | 8.20-8.30 |
| Three months .................. | 0.20-0.30 |
| Six months .................. | 9.40-9.50 |
| One year .................. | 9.80-9.80 |

**LONG TERM EURO $**

| | |
|---|---|
| Two years .................. | 10⅞-11 |
| Three years .................. | 11⅛-11⅛ |
| Four years .................. | 11⅛-11⅛ |
| Five years .................. | 11⅞-11¾ |

**SDR LINKED DEPOSITS**

| | |
|---|---|
| One month .................. | 8¹¹⁄₁₆-9¹⁄₁₆ |
| Three months .................. | 0¹¹⁄₁₆-9¹⁄₁₆ |
| Six months .................. | 0⅞-9⅞ |
| One year .................. | 0⁹⁄₁₆-9⁹⁄₁₆ |

**ECU LINKED DEPOSITS**

| | |
|---|---|
| One month .................. | 8⁷⁄₁₆-0⅛ |
| Three months .................. | 8⅞-9⅛ |
| Six months .................. | 9⅛-9⅜ |
| One year .................. | [illegible] |

## Authorised Units—continued

[illegible]

## Insurances—continued

[illegible]

## Offshore and Overseas—continued

[illegible]

CAL Investments (Bermuda) Limited
PO Box 1022, Hamilton, Bermuda
CTR Fund 95.0 100.0 .... —
Dealing days every Monday.

Perpetual U.T. Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74417
Offshr Gwth $1.013 1.078 +0.015 2.00

Rothschild Asset Management (C.I.)
St Julian's Ct. St Peter Pt, Guernsey. 0481 26741

OC International Reserves Ltd

| | | | |
|---|---|---|---|
| Bel Fm | BFr830.22 | +1.280 | 11.80 |
| Canadian $ | C$35.71 | +0.035 | 7.53 |
| D-Mark | DM50.04 | +0.025 | 3.92 |
| Dutch Guilder | Fl49.56 | +0.020 | 3.17 |
| French Frs | FFr156.216 | +0.225 | 10.53 |
| Italian Lire | L34,343 | +38.6 | 17.12 |
| Japanese Yen | Y5,145.17 | +5.110 | 5.86 |

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd.

| | | | |
|---|---|---|---|
| Sterling | £13.5022 | .... | — |
| U.S. Dollar | US$25.3376 | .... | — |
| D-Mark | DM50.3716 | .... | — |
| Swiss Franc | SFr50.1147 | .... | — |

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda

| | | | | |
|---|---|---|---|---|
| T-G Am | $22.32 | — | +0.96 | — |
| T-G Money | $20.66 | — | +0.05 | — |
| T-G E'bond | $15.58 | — | — | — |
| T-G Com | $22.14 | — | −0.29 | — |
| T-G Mort. | C$16.84 | — | +0.04 | — |
| T-G O'seas | $10.90 | — | +0.16 | — |
| T-G Pacific | Y1,782 | — | +8.00 | — |
| T-G WallSt | $21.07 | — | +0.35 | — |



# Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at February 16 1983 (Table 5, Bank of England Quarterly Bulletin)*.

£m

TOTAL TO UK RESIDENTS / FINANCIAL

| | | Total | of which in sterling | in foreign currencies | Total financial | of which in sterling | Hire-purchase finance houses | Property companies | Other financial |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1982 Nov 17 | 44,005 | 42,515 | 1,490 | 2,835 | 2,561 | 168 | 1,450 | 1,217 |
| | 1983 Feb 16 | 46,449 | 44,807 | 1,642 | 3,229 | 2,847 | 181 | 1,505 | 1,543 |
| Scottish clearing banks | 1982 Nov 17 | 5,422 | 4,998 | 425 | 379 | 294 | 27 | 158 | 193 |
| | 1983 Feb 16 | 5,775 | 5,235 | 540 | 471 | 325 | 31 | 169 | 271 |
| Northern Ireland banks | 1982 Nov 17 | 945 | 942 | 3 | 62 | 62 | 2 | 53 | 6 |
| | 1983 Feb 16 | 978 | 976 | 2 | 77 | 77 | 2 | 56 | 13 |
| All banks | 1982 Nov 17 | 104,370 | 84,584 | 19,787 | 17,768 | 10,033 | 1,964 | 3,555 | 12,251 |
| | 1983 Feb 16 | 110,843 | 88,027 | 22,821 | 20,655 | 11,022 | 2,013 | 3,691 | 14,951 |
| of which in sterling | 1982 Nov 17 | 84,584 | | | 10,033 | | 1,883 | 3,321 | 4,919 |
| | 1983 Feb 16 | 88,027 | | | 11,022 | | 1,910 | 3,378 | 5,734 |
| Changes: in sterling | 1982 Aug/Nov | +3,995 | | | +596 | | + 50 | +196 | +349 |
| | Nov '82/Feb '83 | — | | | — | | — | — | — |
| in foreign currencies adjusted for exchange rate effects ... | 1982 Aug/Nov | +245 | | | −117 | | − 4 | + 2 | −116 |
| | Nov '82/Feb '83 | — | | | — | | — | — | — |
| Advances only All banks | 1982 Nov 17 | 94,936 | 75,547 | 19,388 | 15,849 | 8,147 | 1,282 | 2,422 | 11,042 |
| | 1983 Feb 16 | 101,459 | 79,097 | 22,362 | 18,903 | 9,315 | 1,416 | 3,680 | 13,807 |

MANUFACTURING

| | | Total manufacturing | of which in sterling | Food, drink and tobacco | Chemicals and allied industries | Metal manufacture | Electrical engineering | Other engineering and metal goods | Shipbuilding | Vehicles | Textiles, leather and clothing | Other manufacturing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1982 Nov 17 | 9,676 | 9,032 | 1,223 | 813 | 468 | 934 | 2,236 | 317 | 584 | 747 | 2,053 |
| | 1983 Feb 16 | 9,966 | 9,245 | 1,278 | 801 | 516 | 914 | 2,414 | 261 | 616 | 754 | 2,046 |
| Scottish clearing banks | 1982 Nov 17 | 1,005 | 928 | 206 | 141 | 48 | 52 | 165 | 136 | 30 | 85 | 147 |
| | 1983 Feb 16 | 1,094 | 976 | 201 | 141 | 49 | 52 | 194 | 140 | 45 | 81 | 170 |
| Northern Ireland banks‡ | 1982 Nov 17 | 130 | 129 | 42 | | | | 48 | | | 21 | 29 |
| | 1983 Feb 16 | 139 | 139 | 32 | | | | 42 | | | 21 | 36 |
| All banks | 1982 Nov 17 | 143 | 142 | 40 | | | | 45 | | | 24 | 36 |
| | 1983 Feb 16 | 133 | 132 | 34 | | | | 40 | | | 19 | 37 |
| of which in sterling | 1982 Nov 17 | 133 | 133 | 34 | | | | 40 | | | 19 | 42 |
| | 1983 Feb 16 | 23,345 | 18,717 | 3,560 | 2,625 | 1,242 | 2,055 | 4,003 | 806 | 1,709 | 1,323 | 4,716 |
| Changes: in sterling | 1982 Aug/Nov | 23,514 | 18,674 | 3,629 | 3,789 | 1,343 | 1,942 | 4,176 | 914 | 1,538 | 1,373 | 4,983 |
| | Nov '82/Feb '83 | 18,717 | | 3,072 | 2,565 | 958 | 1,747 | 3,312 | 755 | 1,417 | 1,190 | 3,700 |
| in foreign currencies adjusted for exchange rate effects ... | 1982 Aug/Nov | 18,674 | | 2,894 | 2,799 | 1,044 | 1,547 | 3,404 | 848 | 1,224 | 1,117 | 3,798 |
| | Nov '82/Feb '83 | + 36 | | −308 | − 94 | − 55 | + 32 | − 71 | − 25 | + 12 | − 27 | + 72 |
| Advances only All banks | 1982 Nov 17 | +149 | | +130 | + 19 | + 21 | − 3 | + 3 | + 5 | + 14 | − 4 | − 36 |
| | 1983 Feb 16 | 18,886 | 14,242 | 2,721 | 2,766 | 1,022 | 1,564 | 3,778 | 906 | 951 | 1,133 | 4,066 |

OTHER PRODUCTION

| | | Total other production | of which in sterling | Agriculture, forestry and fishing | Energy industries | Construction | Retail distribution | Other distribution | Other services |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1982 Nov 17 | 15,586 | 3,763 | 3,347 | 867 | 3,172 | 13,702 | 12,694 | 6,584 |
| | 1983 Feb 16 | 6,113 | 5,943 | 3,387 | 963 | 3,295 | 14,465 | 12,644 | 7,015 |
| Scottish clearing banks | 1982 Nov 17 | 1,051 | 946 | 727 | 127 | 197 | 1,396 | 1,338 | 146 |
| | 1983 Feb 16 | 1,087 | 979 | 752 | 132 | 203 | 1,358 | 1,458 | 144 |
| Northern Ireland banks‡ | 1982 Nov 17 | 252 | 250 | 210 | 7 | 61 | 211 | 211 | 50 |
| | 1983 Feb 16 | 257 | 257 | 198 | 5 | 61 | 211 | 211 | 54 |
| All banks | 1982 Nov 17 | 10,637 | 8,968 | 4,447 | 2,699 | 2,401 | 21,170 | 21,111 | 9,454 |
| | 1983 Feb 16 | 10,949 | 9,157 | 4,422 | 3,089 | 2,517 | 21,570 | 22,374 | 10,246 |
| of which in sterling | 1982 Nov 17 | 8,968 | | 4,422 | 1,375 | 3,170 | 23,470 | | 11,637 |
| | 1983 Feb 16 | 9,157 | | 4,437 | 1,488 | 3,343 | 23,274 | | 12,137 |
| Changes: in sterling | 1982 Aug/Nov | +457 | | +121 | +202 | −122 | +1,898 | | +1,593 |
| | Nov '82/Feb '83 | — | | — | — | — | +1,263 | | +756 |
| in foreign currencies adjusted for exchange rate effects ... | 1982 Aug/Nov | + 68 | | − 3 | +106 | − 30 | − 3 | | − 2 |
| | Nov '82/Feb '83 | — | | — | — | — | — | | — |
| Advances only All banks | 1982 Nov 17 | 10,186 | 8,512 | 4,425 | 2,359 | 3,462 | 21,170 | 21,111 | 9,454 |
| | 1983 Feb 16 | 10,494 | 8,711 | 4,437 | 2,487 | 3,570 | 22,470 | 22,374 | 10,246 |

PERSONS

| | | Total | of which in sterling | House purchase | Other personal | Local authorities | Public corporations | Other public | Professional |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1982 Nov 17 | 11,505 | 11,469 | | 71 | 2,023 | 2,635 | 2,124 | 4,576 |
| | 1983 Feb 16 | 12,737 | 12,277 | 1,674 | 90 | 42 | 2,670 | 2,124 | 4,726 |
| Scottish clearing banks | 1982 Nov 17 | 1,589 | 1,448 | | 111 | | 359 | 1,125 | 1,174 |
| | 1983 Feb 16 | 1,675 | 1,519 | 214 | 35 | 161 | 389 | 1,106 | 1,093 |
| Northern Ireland banks‡ | 1982 Nov 17 | 295 | 293 | | | | 104 | 45 | 169 |
| | 1983 Feb 16 | 306 | 305 | | | | 96 | 45 | 173 |
| All banks | 1982 Nov 17 | 31,452 | 25,755 | 3,572 | 1,345 | 2,305 | 4,356 | 7,126 | 12,601 |
| | 1983 Feb 16 | 33,261 | 26,809 | 3,948 | 1,226 | 2,143 | 4,422 | 7,951 | 12,601 |
| of which in sterling | 1982 Nov 17 | 25,755 | | 1,961 | 831 | 2,370 | 4,368 | 4,413 | 11,814 |
| | 1983 Feb 16 | 26,809 | | 2,105 | 909 | 2,133 | 4,311 | 4,631 | 12,730 |
| Changes: in sterling | 1982 Aug/Nov | +953 | | − 66 | + 89 | −212 | +285 | + 87 | +869 |
| | Nov '82/Feb '83 | — | | — | — | — | — | — | — |
| in foreign currencies adjusted for exchange rate effects ... | 1982 Aug/Nov | +149 | | + 67 | − 27 | − 1 | − 6 | +109 | + 6 |
| | Nov '82/Feb '83 | — | | — | — | — | — | — | — |
| Advances only All banks | 1982 Nov 17 | 28,958 | 23,414 | 3,413 | 1,187 | 2,380 | 3,872 | 5,941 | 12,165 |
| | 1983 Feb 16 | 30,807 | 24,354 | 3,678 | 1,230 | 2,137 | 4,005 | 6,467 | 13,869 |

Market loans to "UK public corporations" and to "UK private sector" were classified as advances from February 1983. In November 1982 these accounted for £2,844 million of "Total lending to UK residents" of which sterling accounted for £1,481 million. Changes for February 1983 are therefore not shown, except for lending to persons which is thought not to be affected.

* The introduction of the new monetary sector in November 1981 led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for February 1982 are therefore not shown. † Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government."

# FINANCIAL TIMES SURVEY

# Electronics in Banking
## AND RETAILING

Banks, financial institutions and retailers are adjusting, sometimes painfully, to the growing range of advanced electronic products and facilities. This technology holds the promise of greater efficiency and improved customer services


'The banking world is facing an electronic earthquake'

**BANKS, FINANCIAL institutions and retailers worldwide are now preparing to grasp the nettle of advanced automation more firmly than ever before.**

Services and products which were pipedreams a *few* years ago have become realities, and a host of new electronic products is just around the corner.

BY ALAN CANE

A senior U.S. banker comments: "The banking world is facing an electronic earthquake."

Bankers are deeply disturbed by the new order emerging. Few see it as a welcome experience; most expect a period of confusion, pain and trauma from which their institutions cannot emerge unscathed.

Last year in Monte Carlo, Dr Eckart Van Hooven of Deutsche Bank told members of the European Financial Marketing Association: "The banking profession clearly has the expertise to sail into the new world of electronic banking—but not without paying a price."

He added grimly: "If the price means giving up the identity of the banking profession as we know it today, then for me the price is too high."

Other financial institutions see the new electronic opportunities as their passport to the financial big league. Towards the end of last year the small (£170m assets) Nottingham Building Society announced that in partnership with the Bank of Scotland and a range of retail organisations, it was launching an ambitious home banking and home shopping operation based on Prestel, the British Telecom viewdata service.

## New competitive environment

Mr John Webster, Nottingham's chief executive, explained: "For some time we had been looking for a technology to harness which would take us into the national league of building societies," adding, significantly, "We knew that branch expansion was not the right route."

The new technology is making it possible for organisations which have not been part of the traditional banking picture to compete with more orthodox financial institutions.

Merrill Lynch Pierce Fenner and Smith in the U.S., for example, a non-banking financial institution offers a "Cash Management Account" combining traditional brokerage with banking products and based on the ubiquitous plastic card.

Services include a brokerage margin account, chequeing account and a combined monthly statement. All authorisations and card transactions are processed by Bane One of Columbus, Ohio.

Sears Roebuck, the largest retail group in the U.S. with more than 25m active credit cards has already committed itself to a full range of services in finance.

Its chairman, Mr Edward Telling, has said: "We will be in the forefront of those who will provide electronic funds transfers throughout the U.S. Eventually, all outlets in the Sears family of companies can have the capacity to accept and disburse funds.

"In short, we expect to be as important a factor in financial *services as we are in consumer* sales."

So, the banks have little choice but to embrace the electronic future wholeheartedly. Their operating costs are too high and their profitability too low. And they are moving into a new and competitive environment where their competitors—the Merrills and the Sears—will be armed with the same electronic weapons.

Many of the more sophisticated banks will have to number their own corporate customers among the new competition. The provision of a simple electronic link between customer and bank makes it possible for a company treasurer to be his own banker, monitoring cash flows and placing his funds to the best advantage—but to the cost of the bank.

Mr Trevor Nicholas of Barclays underlined the double-edged quality of these "cash management" systems at a banking seminar last year: "Many of the services desired by customers will be detrimental to bank profitability as they diminish float, increase the cost of funding and increase the risk of non-bank competition."

"By giving customers ready access to their balances and thereby reducing uncertainty, *for* example, lower balances can be maintained on current accounts and the surplus funds invested in interest-bearing accounts — not necessarily within the banking sector."

On the other hand, banks which do not keep up with the technology leaders will find themselves cut off from valuable business. One British clearing bank, arguing that it did not really want to be bothered with cash management, complained: "If we cannot offer this service to our customers, someone else will."

And a leading New York bank argued: "We stepped up our rate of research and development when *Citibank* started its marketing campaign. We simply could not leave it to cover the ground alone."

The upshot of all this is that bankers, building society executives and retailers who have in the past been happy to leave the computer-based parts of their businesses to the data processing department and their management services director now have to come to terms with a whole range of advanced electronic products and services.

## A big change in attitudes

It has produced some dramatic changes. Despite Mr Van Hooven's belief in the banks' ability to cope with technological change, the suppliers of electronic hardware and software have noted a new interest among senior managers.

Mr R. A. McBarnet, IBM's manager for finance industry marketing based in the City of London says: "The real sea change I see is that three years ago people like me talked to the management services department. Now senior management asks me to come to talk to them about information systems."

And Mr David Victor, manager of the financial branch of Computer Analysts and Programmers (CAP), a UK software house with substantial experience in bespoke banking systems, identifies a dramatic turn-around in the degree to which senior banking executives have become involved in new technology in the past few years.

"They want to know how information processing technology can assist in cost accounting, control of operating expenses and marketing — identifying which customer is buying which service and might be persuaded to buy other services," he says.

For the UK banks, control of operating costs has high priority. Cheque volumes have been growing at about seven per cent a year each year for the past decade, now 61 per cent of adults have a bank current account, 50 per cent of them with a clearing bank according to figures from the London-based Inter-Bank Research Organisation.

Space is already at a premium with all the UK clearers having their share of High Street sites and no desire or funds to increase their stocks of expensive *real* estate.

Staff represent a very large share of the banks' operational costs and banking unions, well aware of the threats that automation poses to their livelihood in insensitive hands, are eyeing management plans for new technology with understandable trepidation.

*Nevertheless*, the automated teller machine (ATM) is seen by banks in all the developed countries as a prime way of cutting banking costs while maintaining services to the customer.

Mr Peter Hirsch, manager for bank research at the Battelle Institute in London told EFMA *participants last year*: "If these services (cash deposit and withdrawal, account balance information, financial information and so on) can successfully be provided outside banking hours by these various mechanisms, the mechanisms can equally well be used to provide the services within banking hours. The role of the branch will be fundamentally affected by such developments."

And so it is proving. In Japan, it is commonplace to find banking halls lined with ATMs which provide banking services for the majority of customers.

In the U.S., networks of shared ATMs are becoming common — the "Plus" system, thought to be the first nationwide shared ATM service plans to have 4,000 machines installed this year and 10,000 by 1987.

In the UK, National Westminster and the Midland has announced plans to share their ATM networks. Only two weeks ago it became clear that the UK building societies are determined to build a nationwide ATM system.

Two weeks ago, a group of British banks comprising Lloyds, Barclays, Bank of Scotland, the Royal Bank of Scotland and Williams and Glyn's announced plans to create a network of 2,500 shared cash dispensers for their 15m customers.

Most European countries' banks now have ATM sharing

CONTINUED ON PAGE VIII

## Who's who and what in electronic banking

**● The players:**

**1. The banks: retail, wholesale and merchant. Traditional, cautious, riven with doubt over the new technology, but desperate to remain competitive.**

**2. The building societies: driving out of the last century and eyeing the banks' traditional markets enviously.**

**3. The savings banks, loans institutions, and Giro banks: stolid and dependable but anxious to raise their profile.**

**4. The card companies: Survivors, aggressive and eager to exploit their electronic expertise.**

**5. The securities houses: *Why* shouldn't they play, too?**

**6. The retailers: electronic systems means that selling money is as simple as selling socks.**

**● The electronic games:**

**1. Automated teller machines (ATMs): The robot cashier in the bank wall.**

**2. Counter terminals: The robot cashier to help the human cashier.**

**3. Branch processor: Electronic information at the elbow of the branch manager.**

**4. *Home banking terminals:* Intelligent television for those who would rather watch their overdraft than "Match of the Day."**

**5. Cash management system: Intelligent television for finance directors who would rather watch their company's overdraft tie up the international telephone lines.**

**6. Cards, plastic: magnetic information in the *stripes identifies* the rightful owner to the computer.**

**7. Cards, chip: fitted with a microscopic computer, this card is almost as intelligent as a pocket calculator.**

**8. Card, fraudulent: £30m worth of headaches for UK banks.**

**9. Point of sale terminal: Robot cashier to help the check-out staff.**

**10. EFT/POS: Electronic link between your purchase and your overdraft.**

**● The onlookers:**

**1. The hardware manufacturers: selling computers, ATMs and so on.**

**2. The software manufacturers: providing the instructions to make the electronic games playable.**

**3. The computer bureaux: providing world-wide networks for communications between banks and their customers.**

**4. The customers; wondering why the opportunity to do their own banking should be called progress.**

**5. The banking unions: apprehensive of new technology which could take away jobs.**

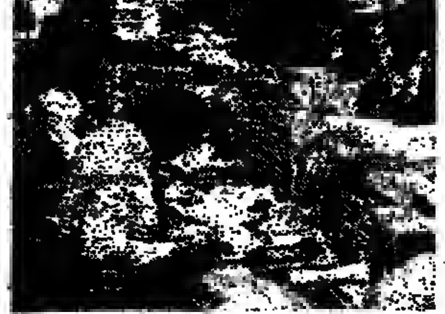
**● The rules:**

**Any number can play, provided they can put up the ante (which decreases yearly) and keep their nerve. Perm any combination (watch the regulations, though) of player and electronic game and await developments.**



## Contents





Foreign exchange dealing—a major target for computerisation: Page II



Growing demand for automated cash services: Page IV



Barclaycard's authorisation section at Northampton



● *Editorial production of this Survey was by Mike Wiltshire. Design by Philip Hunt.*

Wide benefits expected from London's new clearing house payment scheme, as **Ray Snoddy** reports

# New clearing system bridges UK banking gap

IF ALL goes well, London's long-awaited new automatic payment system, CHAPS, will finally go into service in the second week of January, 1984.

CHAPS (Clearing House Payment System) will allow same-day settlement of amounts over £10,000 from all over Britain—a service at present restricted to the City of London.

It will cut out at least part of the growing mound of paper that has to be physically transported; it will also help to keep London competitive as a financial centre and allow corporate treasurers outside London to use their funds in a more sophisticated way. It may even help to unstick logjams of house sales by enabling solicitors to complete a complex chain of purchases and sales more easily in a single working day.

CHAPS will, according to Mr Eric Simmonds, an assistant general manager of the Midland Bank, seconded to lead the project, fill in a "missing link" in Britain's banking system.

## Unchanged for years

At the moment, the new technology in the banking system, linking bank branches, starts to peter out as you approach the City. Same-day settlement of around £20bn a day between the clearing banks and the Bank of England is handled by a system unchanged for years—the physical carrying of cheques by messengers.

The present Town Clearing system, which closes at 3 pm every day to allow the process of reconciliation and settlement to begin, works efficiently. But because it is labour-intensive costs have been rising. The physical and geographical restraints on the settlement services that could be offered would have become an increasing anomaly in the world of electronic banking.

The new era of same-day settlement was due to begin later this year but it was decided to wait until the banks' final reckoning of the year's business is out of the way before switching over to the new system.

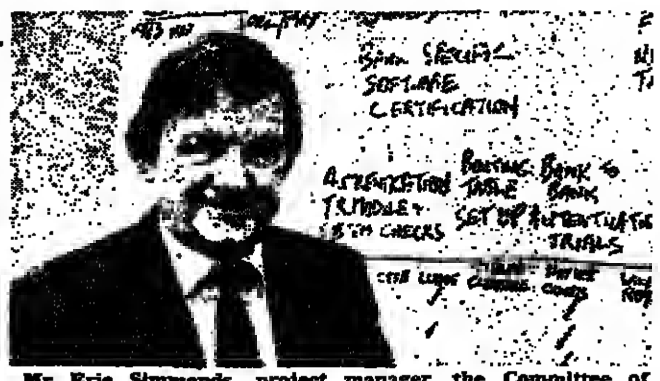
CHAPS has been a long time coming. New York has had its CHIPS (Clearing House Interbank Payments System) since 1970, although it has only offered same-day settlement since October 1981, while SWIFT, the electronic bank message system, has been sending banking instructions around the world in tens of seconds since 1977. CHAPS, however, was delayed by more than three years by a false start which cost many millions of pounds.

Mr Simmonds believes it was a very courageous decision by tha London clearing banks to realise they had got it wrong, pull the plug on CHAPS I, and start again.

The technology would have worked. But it would have been a centralised system, based on one large mainframe computer—"a big pot" into which everything would have been stirred. Its main fault was that it was unable to distinguish between the various graduations of the hierarchy of British banking—and the clearers and the non-clearers would have been placed on an equal footing.

Mr Ron Clark, a senior consultant at the Inter Bank Research Organisation (IBRO) believes that the new decentralised system—with banks sharing littla more than a common programme to run on their own computers and a cbief inspector to sort out disputes—has got it about right.

"Perhaps for the first time, the necessary delicate balance between competition and co-operation in payment systems has almost been achieved—enough co-operation to ensure the integrity of the service, but the maximum room for the competitive innovation from which stems progress and substantial improvement in customer service," Mr Clark believes.



Mr Eric Simmonds, project manager, the Committee of London Clearing Bankers . . . "no doubts about the new system"

The minimum of joint development means that individual banks can offer different services at different prices.

The present CHAPS system will cost a total of around £5m. Mr Simmonds, who has been involved in compnters in banking for more than 20 years, believes that the clearing banks have a bargain.

At the present daily volumes of between 15,000 and 20,000 transactions a day, costs are likely to be considerably below the present paper-handling system.

There will be eight CHAPS "gateways" for the clearing banks either to operate themselves or share with a smaller clearer and each will be based on a Tandem computer costing in the region of £250,000.

The gateways will be able to exchange payment messages through British Telecom's Packet Switching Service (PSS) and will automatically audit and control the routeing and communication of the messages.

Payment will be guaranteed once a paymeot message has been sent, even if it is later revealed that frand was involved in its initiation.

Settlement is carried out by each settlement bank whicb owes money to others sending CHAPS payment messages to the Bank of England, also a settlement baok.

The system has been designed to be flexible; once the volume of demand becomes clear it may be possible to reduce the lower limit of £10,000 for same day payment.

And as Mr Ron Clark makes clear although CHAPS is intended for sterliog payment "the alterations to allow it to cope with other currencies might be quite small, thus raising the possibility of an efficient, fully automated, multi-currency service."

The main problem facing the CHAPS project design team, and a major argument against CHAPS I, was in achieving the degree of security in electronic systems whicb is needed to protect the billions passing through the system each day.

Eric Simmonds says he believes the problems of encrypting—or coding—of messages and their authentication have been solved.

After an intensive survey of the state of the art, Logica, which was responsible for the main CHAPS software, recommended a small Hemel Hempstead company, Data Innovation, for the encrypting. The National Physical Laboratory suggested Open Computers of Brighton for the authentication.

One banker has commented that the security measures involved in CHAPS could be likened to "a man using two pairs of braces, two belts plus some string and glue as well."

Will CHAPS work in January?

"Definitely. I have no doubt of it," says Mr Simmoods who is approaching retirement and regards the project as the culmination of his banking career.

When it is in place, another important step forward in electronic bank communications will have been made.

In New York, CHIPS handles an estimated 90 per cent of ioternational interbank dollar transfers, while the daily dollar volume involves more than $185bn.

SWIFT, too, which is only a message rather than a settlement system, has been growing rapidly. More than 1,000 banks are members in 42 countries and more than 7m messages a mooth are transmitted.

In the UK, SWIFT has captured about 70 per cent of tbe international traffic of the 100 banks which are members. Around 700,000 messages a month are sent.

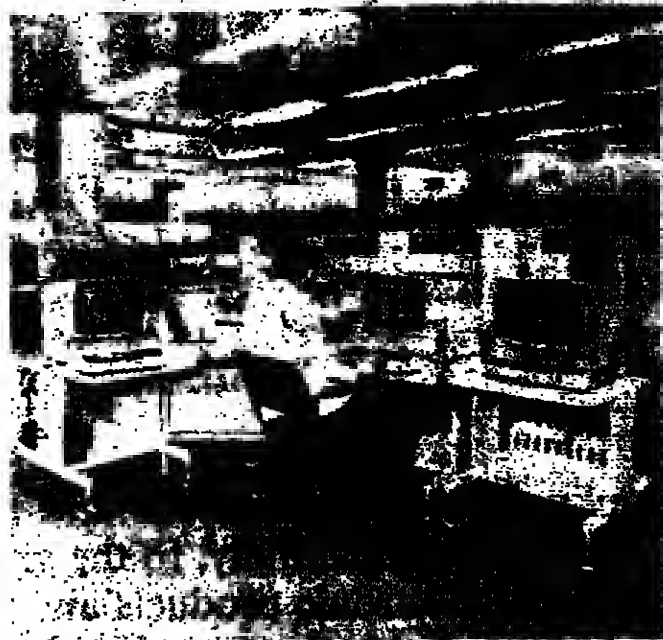
Mr Jack Large, NDC International's marketing director for Europe, said at a recent symposium that CHAPS was an example of how each new stage of automation gave opportunities for further integration of cash management practices systems and controls in both large companies and banks.

## Integrated operations

"The very nature of corporate banking is beginning to change as bank systems, such as CHAPS, and corporate cash management systems and services become more and more integrated," he said.

In London, the major clearing banks were examining ways of using instruction delivery systems to receive CHAPS payment instructions. This would allow finance directors to receive intra-day balances and issue payment instructions on the same terminal.

When CHAPS goes live, Mr Large believes at least one of the major clearers will have a direct computer-computer link between its instruction delivery system and its CHAPS gateway.



There will be eight "gateways" in the CHAPS system for the clearing banks, either to operate themselves or share with a smaller clearer. The system will help to keep London competitive as a financial centre. Above: the computer room at Lloyds Bank operations centre.

Increase in banking software packages

# Bewildering array of software

EARLIER THIS month Control Data Corporation, makers of some of the world's biggest computers, bought a software house and a significant part of the world market for banking software packages.

It acquired the stock and assets of Arbat, formerly a subsidiary of Arbuthnot Latham, the merchant bank, and with it the company's expertise and installed base for the Arbat banking system, one of a small number of principally British banking packages which dominate the small bank arena.

There are in fact some 22 of these packages available, according to a survey carried out by Distributed System, the London consultancy, now provided by a total of 19 equipment manufacturers, software houses and computer bureaux.

They represent a very specialised sector of the computer software market. All the world-wide banks, have, of course, massive computer power in their head office management services departments responsible for accounting, foreign exchange, customer records and so on. For the most part these huge systems are built on IBM or Burroughs computers using software tailor-made for the system either by the banks' own data processing staff or by specialist software houses.

"Blue chip" software houses like Computer Analysts and Programmers made their mark writing bespoke software for the big banks.

The problem for smaller banks, bank branches and overseas subsidiaries of big banks was quite different. Large computers of the kind used in the big banks' management services departments were out of the question for a small branch. Furthermore the cost of developing the sophisticated bespoke software needed could be £1m or more.

The arrival of the minicomputer—and more specifically a small IBM computer called the System/32—changed the name of the game. For the first time it became possible for a small to medium-sized bank to have its own computer and to carry out its own computing.

## Concern for security

Why not a terminal in the branch linked on-line to the bank's headquarters mainframe or to a computer bureau? The volumes of information passing on the system rule out the first option—the banks' concern for security the second.

With the appearance of the small computer selling for under £100,000, there emerged a group of small software houses, chiefly based around the City of London ready to write the software to run on them.

Why the City and not the U.S.? Because of the major differences in the way banking is organised in the U.S. and Europe—U.S. banks are constrained within their state boundaries—and because most U.S. banking activities are based around the dollar.

The London-based packages have been based around multi-currency accounting with self-balancing ledgers in each currency.

Nevertheless, the valuc of the banking package market is now heginning to tempt the Americans and companies like Anacomp are already starting to provide competition to the leading British packages in New York.

The market is tempting other kinds of organisations. In January, Hill Samuel the City of Londoo-based merchant bank announced a new company, Business House Systems, to market its own proprietary software. The business pattern is typical of the industry. Hill Samuel needed its own system and engaged Mr Archie Reid to design it.

The dealing room of PSB and Co. (UK), with a Reuters monitor for money rate Service, and a BIS Midas system in use.

The result attracted so much attention that Mr Brian Larbalestier, BHS sales director, said the company began to think seriously about marketing the system to other banks: "Now we have built in features which allow it to be tailored to other banks. It is in the final stages of installation at the Bank of Tokyo International in London and in four Hong Kong financial institutions."

The shape of the banking package market has changed over the years. In the late 1970s packages like Midas, Business Information Systems (BIS) offering which is the unquestioned market leader with two Queen's Awards for Exports, started out as foreign exchange packages as did Arbat and Kapiti, a New Zealand sourced program packaged and sold by Hoskyns, a leading UK software house now owned by Martin Marietta of the US.

Now the emphasis is on the provision of the complete "electronic bank" with word processing and links to the major bank messaging systems such as Swift and Chaps provided as standard options.

It has to be said that the banks' innate conservatism dictates the choice of machinery on which these packages can be run. BIS, for example, wrote Midas first for the System/32 and rewrote it for the System/34 polishing it yet further to fit IBM's "machine for the 1980s" the System/38. It cost the company a small fortune but BIS reckons it was worth it to stay with IBM—the magic key where bank computers are concerned. Hoskyns' Kapiti also runs on Midas while Arbat and Hill Samuel's House System run on minicomputers made by Digital Equipment Corporation, the world's major minicomputer manufacturer.

These companies claim the substantial DEC range enables them to offer a wider choice of computers to suit all sizes of bank and branch.

Other manufacturers, however, are offering their own versions of electronic banking. Datapoint, for example, a leader in office automation and distributed computing offers a system called Databank whose chief strength, according to the company, lies in its risk management facilities: customer credit lines can be set up for any combination of business transactions. Drawings against these lines are immediately updated at the time of entry and the system automatically monitors country and currency exposures.

Hollaod Automation, a Dutch-based company, has developed a package called Nibsol in the UK which runs on Nixdorf machines and which the company claims, is the only truly real-time system on the market. Its users include the Banque Paribas in London and Allied Irish Banks in New York.

The company claims that real-time working means: "There is no prolonged end of day or overnight batch update during which the system cannot carry out other functions."

## Exchange dealings

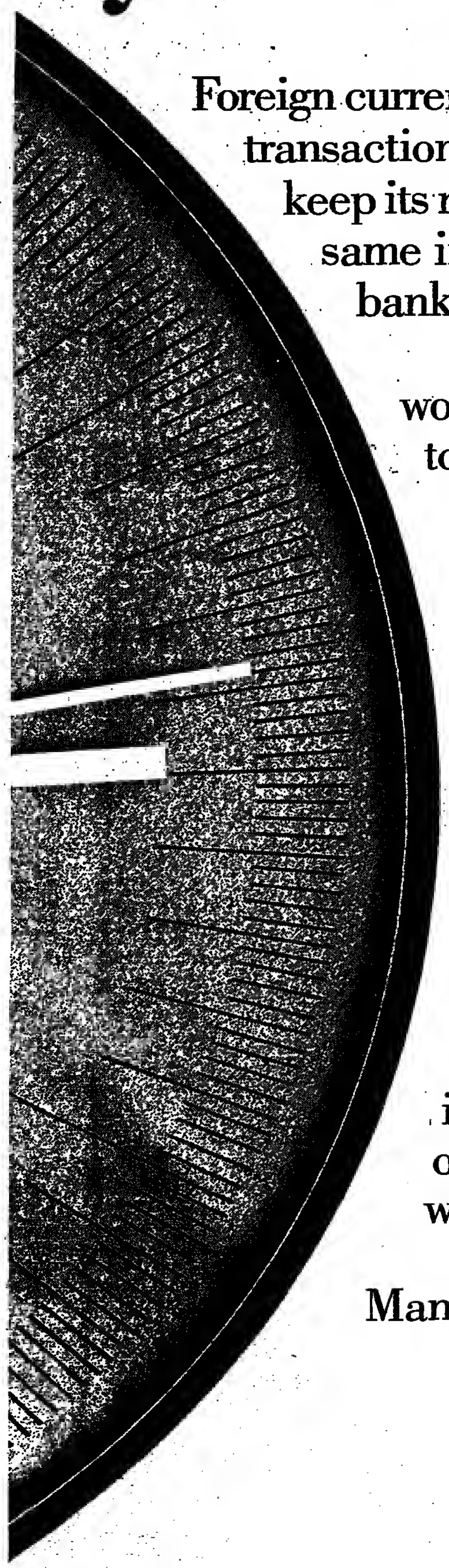
The market is certainly wide open. Some observers believe that only 5 per cent of all banking operations that can be automated have yet been computerised end the list of ways of dealing is growing all the time.

Mr Archie Reid of Hill Samuel says: "We are at the point where the dealers are arbitraging everything — the money markets, negotiable paper, financial futures. What they are more aware of is the arbitraging opportunities between books and instruments."

A survey carried out by BIS last year showed that foreign exchange dealing was still the chief target for computerisation among London's wholesale banks, closely followed by attachment to the Swift network. Dealer aids for foreign exchange were also high on tha "wish list." The banking package business can still make a lot of capital out of its origins.

* Distributed Systems analysis giving details of features and capabilities of each package and the machinery it runs on, costs £500. The company is at 70 Borough High Street, SE1 1XF.

**Alan Cane**



**Self-service banking (1): corporate cash management, based on computer terminals on customer premises. is quickly becoming established, as Alan Cane reports**

# U.S. banks lead the way

CORPORATE cash management is the fashionable topic in electronic banking today as U.S. and European banks extol the virtues of their own particular systems.

There is a wide choice of systems. Among the Americans Citibank offers Citicash Manager and Citi Banking, Chase Manhattan offers Infocash, *Chemical Bank's product* is called Chemlink and Morgan Guaranty has a well established product called MARS. Then there is Bamtrac (Bank of America) First Cash (First National Bank of Chicago), Transend (Manufacturers Hanover) Cash Connector (Bankers Trust), Confirm (Continental) and Earlicash (European American).

The U.S. banks are ahead of *the Europeans in the develop*ment of these systems, a fact which owes its origin to the fragmented nature of U.S. banking.

Mr Bryan Hayter of the Corporation of Lloyd's, accessing Citibank's electronic banking system

## Problems for big companies

The McFadden Act forbade U.S. banks to trade across state boundaries, creating very great *difficulties for large companies.* Mr David Nye, vice-president of the financial institutions division of Chemical Bank, points out: "A large company headquarters in, say, New York but with business units across the nation had a mammoth task in managing its cash resources with bank accounts in perhaps 10 different states in 10 separate banking organisations, thus involving many communications channels.

"Float, the opportunity cost of transmission time, was enormous. Cheque clearing took many days and even up to the early 1950s clearing charges could be deducted from cheque proceeds in some states."

The *consequence was a series* of balance reporting systems which grew in sophistication with the means of transmission *until computer* and telecommunications development made possible the systems of today. They are "electronic links between the corporation and all its bank accounts" as described by Mr Jack Large, marketing director Europe for National Data Corporation, as U.S. software house and bureau which provides National Westminster's cash management service "NatWest Network."

He is wary of the U.S. bank's claim to cash management superiority. "The claim by U.S. banks about the superior quality and leading position of their cash management systems and services has come as a great surprise to many European banks. They have been providing the U.S. "breakthroughs" for many years . . . in many ways the U.S. banks are just catching up—although in some areas, particularly in international cash management services, many U.S. banks do provide services that are more flexible and more appropriate to the cash management needs of multinational corporations."

Banks have taken very different strategies in marketing their cash management services. Citibank, for example, which is almost certainly the world leader in this kind of electronic service, offers two products, Citicash Manager—a system for customers wishing to manage U.S. dollar accounts—and Citi*banking, which* includes multicurrency cash management services. These services run on its own network and are *exclusive to Citi's customers.*

Chase Manhattan's system was built by IDC, a wholly-owned software house and *bureau. Chase does not* franchise its personalised system but allows IDC to build cash management systems for other banks.

Chemical, however, has made a positive virtue out of franchising its system to all comers (in rather the same way that it is franchising with apparent success its Pronto home banking system).

Its own system is called Chemlink; the generic version is Banklink. Banks using the system in the U.S. include the First Interstate Bank of Washington and Bank One of Columbus, Ohio.

In Europe Commerzbank of Frankfurt has signed up and Barclays Bank has never denied that it is developing a version of Banklink suited to the UK. The Royal Bank of Scotland, a pioneer of electronic banking in the UK, will soon announce its own Banklink-based service.

## Ensuring survival

Why has Chemical taken this approach? *David Nye argues:* "Chemical wished to ensure Chemlink would survive in the market place during a period of *rapidly proliferating systems.* This means eventual standardisation—by developing a strong network of banks, the collective clout *of* these banks working together must make the establishment of *our* standards as *the* standards much more likely."

There is a view in fact that cash management systems today are at the same stage as the credit card industry of a few years ago where major banks were issuing their own cards and creating havoc among merchants and customers.

Electronic corporate cash *management* is a *two-edged* sword for the banks. Development costs are very high. Chemical invested some $19m over seven years, *while* Mr Joseph Robinet, a vice-president at Chase who has had special responsibility for developing electronic systems in Europe, warns grimly: "This is not a game for every bank."

Yet those banks which do not develop systems or franchise ready built ones will be cut off from much of the more sophisticated banking business.

Second, the banks cannot expect to make much money out of the provision of the service with prices running as they do between $200 *and just* over $1,000 a month. David Nye points out: "Charges to the customer, like all bank charges, can be loaded or waived *depend*ing on the value of the customer to the bank."

Third, the use of efficient *cash management services strips* the banks of much of the profit they can generate from the delays and weaknesses in the system.

Mr R. A. McBarnet, manager of IBM's City financial division, points out: "Many corporate treasurers are far better bankers than the professionals."

Some funds return to the banks through the use of com*mercial timesharing networks.* The various Banklinks all run on the Geisco Mark III network, as does NatWest Network, while Midland's system runs on ADP's network. Discounts on the cost of using the networks provide a substantial part of bank earnings from the service.

The Midland Bank was the first of the UK clearers to announce electronic cash management with its Cash Management Service in June last year. Its service is based on Cash Express, a system provided by ADP Network Services, a major U.S. timesharing bureau. Its facilities include balance reporting, cash flow forecasting, deposit reporting and foreign exchange exposure management.

## 'Knowledge is power'

NatWest launched Network a little later the same year—and perhaps a little prematurely, with a flurry of publicity. "Time is money" and "Knowledge is power," the advertisements shouted. The software was provided by NDC. Jack Large says: "NatWest was innovating and it was still settling the details of what it proposed to offer. If you offered everything in cash management, that would not be cost-effective. Deciding what should be included was what caused the problem."

It now offers as the first of its Network services Available Funds Reporter, which gives balance and transaction details and also helps the customer corporation to determine its true available funds position.

Barclays has yet to announce publicly its intention to offer a version of Banklink but in any case there are observers of the electronic banking scene who believe Barclays is simply getting "*hands-on*" experience with Banklink before launching its own competitive system *in* the future.

Lloyds says it has no plans to launch a product, though it does have a man working full time on cash management. It operates a system for medium to large customers where balance information can be supplied on a daily basis to any UK branch for collection by customers. "Perhaps its an odd system," a Lloyds spokesman said a little defensively "but *it's our own wrinkle on* cash management."

**The U.S. market for electronic banking equipment**

(thousand units)

| ITEM | 1967 | 1972 | 1977 | 1981 | 1985 | 1990 | 1995 |
|---|---|---|---|---|---|---|---|
| Bank offices (000) | 42.6 | 51.8 | 68.2 | 81.9 | 95 | [illegible] | 120 |
| units/office | — | .4 | 1.9 | 3.0 | 4.1 | [illegible] | 4.8 |
| Elec. banking equip. in use | — | 22.0 | 126.3 | 245.4 | 387 | [illegible] | 575 |
| Automated teller machines | — | 1.0 | 6.3 | 25.4 | 52 | 75 | 90 |
| Financial point-of-sale terminals | — | — | 45 | 64 | 80 | 85 | 60 |
| On-line teller terminals | — | 21 | 75 | 155 | 255 | 360 | 425 |

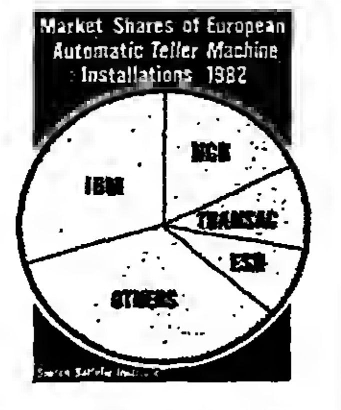
**Financial point-of-sale terminals in the U.S.**

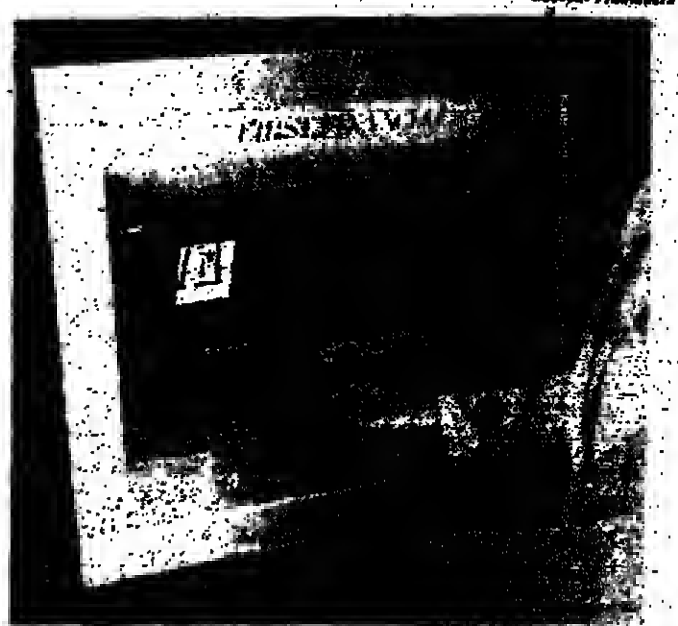
| ITEM | 1967 | 1972 | 1977 | 1981 | 1985 | 1990 | 1995 |
|---|---|---|---|---|---|---|---|
| Retail employees (m) | 9.92 | 11.84 | 13.81 | 15.40 | 16.9 | [illegible] | [illegible] |
| POS/000 emp | — | 2.5 | 18.1 | 39.0 | 68.0 | 114.1 | 145.8 |
| POSs in use (000) | — | 30 | 250 | 600 | 1,150 | 2,100 | [illegible] |
| % Financial POSs | — | — | 18.0 | 10.8 | 7.0 | 4.0 | 2.1 |
| Financial POSs in use (000) | — | — | 45 | 65 | 80 | 85 | [illegible] |
| Net additions | — | — | 7.0 | 4.0 | 3.5 | — | — |
| Replacements | — | — | — | — | 1.5 | 2.0 | — |
| Annual installations (000) | — | — | 7.0 | 4.0 | 5 | 2 | — |
| 000$/unit | — | — | 7.1 | 6.0 | 5.6 | 5.0 | — |
| Financial POS sales ($m) | — | — | 50 | 24 | 28 | 10 | — |

Source: Predicasts

Residential or home banking is expected to come into its own in the 1980s as more banks begin offering home banking services. The primary method of accessing these services is expected to be the home computer. The number of home computers in use are projected to grow 33 per cent annually up to 1985, when one-in-five households will possess a home computer.

Source: Predicasts



The talking auto-teller (right): A new range of "mini-bank" self-service terminals has been released by NCR. The machine here has a built-in drum containing 16 voice recordings to guide customers through their transactions. This facility will be of particular benefit to the blind.

**Automated Teller Machines (ATMs) in the U.S.**

| ITEM | 1967 | 1972 | 1977 | 1981 | 1985 | 1990 | 1995 |
|---|---|---|---|---|---|---|---|
| Bank offices (000) | 42.6 | 51.8 | 68.2 | 81.9 | 95 | 109 | 120 |
| ATM/office | — | .02 | .09 | .31 | .55 | .69 | .75 |
| ATMs in use (000) | — | 2.0 | 6.3 | 25.4 | 52 | 75 | 90 |
| Net additions | — | 400 | 1,800 | 6,000 | 6,200 | 4,000 | 2,000 |
| Replacements | — | — | 100 | 500 | 1,800 | 6,500 | 8,000 |
| Annual installations | — | 400 | 1,900 | 6,500 | 8,000 | 10,500 | 10,000 |
| 000$/unit | — | 50 | 45 | 26 | 21 | 18 | 16 |
| ATM Sales ($m) | — | 20 | 85.5 | 166 | 170 | 190 | 100 |

**On-line Teller Terminals (OLTTs)**

| ITEM | 1967 | 1972 | 1977 | 1981 | 1985 | 1990 | 1995 |
|---|---|---|---|---|---|---|---|
| Bank tellers (000) | 215 | 288 | 408 | 569 | 670 | 600 | 550 |
| teller/office | 5.0 | 5.6 | 6.0 | 6.9 | 7.1 | 5.5 | 4.6 |
| Bank offices (000) | 42.6 | 51.8 | 68.2 | 81.9 | 95 | 109 | 120 |
| OLTT/office | — | .41 | 1.10 | 1.90 | 2.68 | 3.30 | 3.54 |
| OLTTs in use (000) | — | 21 | 75 | 155 | 255 | 360 | 425 |
| Net additions | — | 7 | 15 | 20 | 26 | 15 | 10 |
| Replacements | — | — | 5 | 10 | 14 | 30 | 40 |
| Annual installations (000) | — | 7 | 20 | 30 | 40 | 45 | 50 |
| 000$/unit | — | 9.3 | 7.8 | 7.3 | 6.6 | 6.1 | 5.8 |
| OLTT Sales ($m) | — | 65 | 155 | 220 | 265 | 275 | 290 |

†Source: Predicasts

**AUTOMATED TELLER MACHINES AND CASH DISPENSERS**

● The number of ATMs and cash dispensers in Europe has increased from 3,800 machines identified in a Battelle study *in* 1975 to more than 11,000 machines *in* 1982. *Over* 425m transactions took place using these machines in 1982 with a total value of £17,000m. The *number of machines* in *use in* 1982 were:—

| | |
|---|---|
| Britain | 3,510 |
| France | 3,321 |
| Sweden | 960 |
| Spain | 882 |
| Germany | 670 |
| Italy | 625 |
| Belgium | 503 |
| Switzerland | 350 |
| Norway | 340 |
| Finland | 219 |
| Austria | 127 |
| Ireland | 64 |

● France is the country with by far the highest number of cash dispenser card-holders with 18m followed by Britain with 8m. Banks in Norway, Spain and Germany have each issued about 1.8m cards.

● The average value of cash withdrawals for Europe is about £50. Figures for individual countries include:—

| | |
|---|---|
| Switzerland | SF 342 (£112) |
| Germany | DM 311 (£83) |
| Italy | Lira 170,000 (£79) |
| Austria | AS 1870 (£71) |
| Belgium | BF 4,166 (£54) |

Source: Battelle Institute



**Self-service banking (2): the development of automatic teller machines and the growth of the home banking phenomenon.**

# Dramatic rise in installations

THE RETAIL banks must shift from service to self-service if they are to contain operating costs while maintaining the good will of their customers.

The most important elements in this shift are the automated teller machines (ATMs) and home banking products—both designed to redistribute the banking load to free counter staff for more interesting duties while meeting most of the banks' customers immediate needs. From the viewpoint of the customer—and indeed bank staff—the ATM is the most *obvious of all the banks'* electronic advances.

But their full potential is only just beginning to be realised. Patrick Frazer and Dimitri Vittas point out in *The Retail Banking Revolution:* "Banks are only just beginning to take seriously the opportunities offered by ATMs, automated depositors and machines which can be used to initiate transactions and make amendments to pre-authorised payment mandates."

Nevertheless, the growth of the installed base of ATMs has been dramatic. Ms Linda Fener Zimmer of Marlborough-Connecticut estimated that some 30,000 had been installed *in the U.S.* by *March last year,* with the rate of installation expected to exceed 700 a month.

## The pace is accelerating

In Europe a study by the Battelle Institute shows that the number of ATMs and cash dispensers has increased from only 3,800 in 1975 to more than *11,000 in 1982.*

In Japan there are more than 17,000 cash dispensers and 7,500 ATMs, chiefly it seems in lobby *installations* or *secure* areas within branches which can be sealed off from the main branch outside normal banking hours.

The chief areas of interest in ATM development now are:

● networking and ATM sharing;
● ways of bringing down the cost of ATM installation;
● ensuring greater reliability and serviceability for the installed base of ATMs.

In America, banks are rapidly putting together plans to share ATMs. The "Plus" system has over 250 institutions in 15 states as its members. Yet as


Lloyds "Lobby Bank" at Hemel Hempstead

*Mr Trevor Nicholas* of Barclays pointed out last year: "Visa and Mastercard are encountering considerable resistance to their proposed *world-wide* ATM networks as many member banks do not wish to share ATMs with competitors in their own markets.

"The position of banks joining proprietary networks will be further complicated when many find that, having joined forces for ATM networks, they are virtually obliged to offer all their electronic delivery services with the same *partners.*"

Yet just two weeks ago, a group of UK banks comprising Lloyds, Barclays, Bank of Scot*land, the Royal Bank of Scotland* and William and Glyn's announced plans to create a network of 2,500 shared cash *dispensers for their* 15m customers.

In fact, most European countries' banks now have ATM *sharing agreements. In the UK,* National Westminster and Midland had already agreed to share their 1,386 installed machines.

But there are technical problems still to be resolved for all the major banks, regarding the "two or three track issue."

This turns on the fact that the magnetic stripe on an ATM (or bank) card bears three tracks. If two tracks are used, the information carried is minimal, equalling high security. This is Lloyds' approach and that of its main supplier IBM.

It does mean, however, the card can only be used when the ATM is connected, live, to the bank's computers.

Three-track working means more information on the card but it can be used off-line (no reference to the main computer needed) as well as on-line.

In Europe, according to Battelle, IBM has the largest market share (28 per cent) followed by NCR (15 per cent). In the U.S., Docutel and Diebold (Burroughs offer basically Diebold machines) hold the lead.

Costs of ATM installation—currently around £30,000 for a through-the-wall machine—can be cut to £14,000 using new technology light weight cash boxes and low cost screens and *keyboards.* Japanese banking halls are lined with such devices.

## The greatest concern

Reliability is perhaps the banker' greatest concern. When NCR introduced its new 5080 machine earlier this year much was made of its voice response facility. Yet bankers (and competitors) dismiss this as pure gimmickry. What is much more important is the reliability of the technology installed in the machine and designs which make it possible for it to be maintained by third parties. Michigan National Corporation, which operates ATMs off its *own* premises, has found its machines have to be working 99 per cent of the time to offer an effective service.

Customers who neither want to travel to their bank nor to an off-premises site for cash and services can look forward to banking at home. From being an electronic dream—a flashy piece of technology well down the bankers want list only two years ago—home banking has taken on a new urgency and priority.

Citibank and Chase Manhattan have been test-marketing their home systems for almost two years. Chemical, convinced of its role as marketeer of electronic services to the banking world, has franchised its Pronto system to well over 40 U.S. banks.

In Germany Verbraucherbank, a small private institution, took advantage of the possibilities of the *West German Viewdata* system to offer home banking to its customers. Now Verbraucherbank leads an elite group of German banks including Deutsche Bank and Postbankdienst in this service.

In Britain Midland announced a small trial last year to be based on Viewdata terminals installed initially in bank branches. This, however, was overshadowed by an announcement from the tiny Nottingham Building Society, backed by the Bank of Scotland and British Telecom, of an ambitious home banking experiment involving the distribution of up to 100,000 devices throughout the country giving customers access to Prestel and so to their bank accounts.

Is there really a demand for home banking? The evidence from Verbraucherbank suggests there is. The Citibank trials indicate that after the novelty has worn off the service fits into the financial life of the consumer.

Mr Christopher Reid of Citibank says: "Customers tell us that Homebase (Citi's proprietary product) is a convenient service which gives them a greater *sense of* flexibility and control.

"Test users learn the system *quickly, so quickly in fact that* they soon expect to be able to do more. We find that people who use the terminal a few times get quite comfortable with it and want to move faster and do more things. They are also telling us that they want more than banking and bill *paying* so we will soon add financial information from Dow-Jones and a merchandise catalogue ordering service."

Therein lies a dilemma for the banks. Should they restrict themselves to the provision of purely financial services on their home banking (and indeed corporate cash management) networks?—or should they become information management services, operators of large electronic networks providing services from shopping catalogues to sports results?

Everybody agrees that customers will not invest in home computing equipment simply to check their bank accounts and that other services will be needed to sweeten the pill.

But who will manage the provision of these services? The answer to that question will say much about the shape and structure of the banks of tomorrow.

**Alan Cane**

هكذا أصل الحل

# Banks faced with dilemma over credit cards

**Geoffrey Charlish looks at some surprising developments in machine-readable plastic cards**

THE ISSUERS of the world's 750m or so plastic transaction cards are faced with something of a dilemma. On the one hand, the expanded use of cards can only cut cheque and other costs and increase revenues but on the other band they seem bound to increase the opportunities for fraud, already running at over *£30m in the UK alone.*

So card technology appears to be moving in two directions. Cards will either become more versatile and flexible in use, or they will be made more difficult to tamper with, or both.

For example, Visa International announced its "electron card" last September, doing away altogether with embossed characters end shop counter imprinted sales slips.

The cards have three information recording areas. A magnetic stripe allows the holder's account number to be read on a shop counter terminal connected by phone line to a central computer. Such computers are currently going in to 174 centres in 22 countries.

In addition, optical character recognition (OCR) codes on the card-face allow transactions to be handled electronically by the cash registers now widely used in department stores, while bar codes allow similar use in supermarkets by "wanding" the card.

Initially, the new Visa card will be used to obtain cash and make account enquiries at automatic teller machines (ATMs) that are on the Visa network. The retailing application will follow when retail outlets are equipped in viable numbers. Visa International has atated that over 20,000 dial-up terminals have been ordered "for placement" by Visa members (mainly banks) st retail locations.

Only a month before, Philips was first off the mark with news of a trial of the so-called "smart" card in Caen, Normandy, involving local bank branches, 250 retailers and 50,000 cards issued to residents together with personal identification numbers (PINs).

The smart card, a French invention, is really a tiny computer which is powered when inserted into a retail terminal. The computer "chip" is accommodated within the card'a thickness—a remarkable. achievement.

Each card's chip remembers the credit limit issued to it initially by the bank. At the point of sale, retailer and customer each use a separate terminal. The customer keys in his PIN and plugs in his card which debits itself with the amount entered by the shopkeeper on the other terminal. At the same time, the card is given the shop's name and address and the transaction data.

All the relevant data is also stored in a solid state cassette called a Cartette which at day'a end is either emptied over e *phone line into the bank,* or taken there and dropped into the night safe. Either way, the customer's account is quickly dabited.

The Cartette is also kept updated with the bank's "bot" file of exceeded credit limits *and notifications of new salary* input to customers' accounts. Each time the card is returned to the customer he sees his remaining spending value on the terminal's liquid crystal display.

Thus, the "Carte a Memoire" from Philips is the electronic equivalent of a cheque book. The customor also receives a statement through the post in the usual way.

Made in bulk, the cards are expected to cost about £2 each. The terminals however will cost about £1,000 and, as with all such solutions, the question is posed: "who pays?"

"Intelligence" has similarly been incorporated into a key, about the size of a front door key, by Data Card International, on the basis that cards are too flexible to safely carry tha semiconductor chip.

The electrically alterable read—only memory (EAROM) can be debited by transactions and subsequently re-charged, but only by the equipment into which it is inserted, for example vending machines or petrol pumps. Fraud is likely to be difficult.

More recently, bowever, Data Card has offered the "mug abot" solution to card crime. The company saya that these cards can be produced at 23p each on equipment that uses surface laser imaging of the holder's photograph.

The images would be difficult to tamper with because they are in the form of thousands of discrete picture elements (pixels), each composed from an 8 x 8 dot matrix to give a half-tone effect. A magnifying glass would soon reveal any substitution, even if one could be made without damaging the card — the toner image is heat-bonded to the surface.

The picture is obtained by capturing a single frame from a closed circuit TV camera on e special visual display unit (VDU). Using the keyboard, *extra security data can be* incorporated into the picture—for example tiny characters that are invisible to the unaided eye and are a replication of the holder's name and address printed in the usual way on the card.

All this data is beld in digital form on magnetic tape which is then used to operate the laser imaging unit. Magnetic striping or embossing could still be incorporated if desired. Signatures of course, become unnecessary.

In another system based on work originally carried out at the National Physical Laboratory, Rediffusion Computers has however developed a shop counter terminal able to check signatures written at the point of sale.

Its main attractions are that it allows cheqnes, cards and card sales slips to continue in use unaffected and that if needs no communications lines to central computers.

Cheques would carry a printed 10-digit number that describes the owner's signature. The usual signature samples are provided to the bank and these are optically scanned and subjected to a mathematical process that yields the numbers.

Then, at the point of sale, the signature the customer has just written on the cheque or slip is similarly scanned to yield a 10-digit number. If the two numbers do not tally the signature is rejected.

So-called "unseen" forgeries, in which the criminal removes original card signatures and signs the bolder's name in his own band can be 100 per cent detected, says the company.

"Seen" forgeries—attempts to copy the true owner's signature—can be detected in 95 per cent of cases it is claimed. The cards themselves would no longer need to carry signatures.

Shop terminals would cost abont £2,500, says the company, encoding systems from £30,000 to £50,000 depending on throughput and the paper transport system employed.

*However, retailers in the UK* do not have to bear the cost of fraud (unlike those in the U.S.) —the banks and card companies pick up the tab. So there is not much incentive for shopkeepers to spend money on any *kind of anti-fraud terminal.*

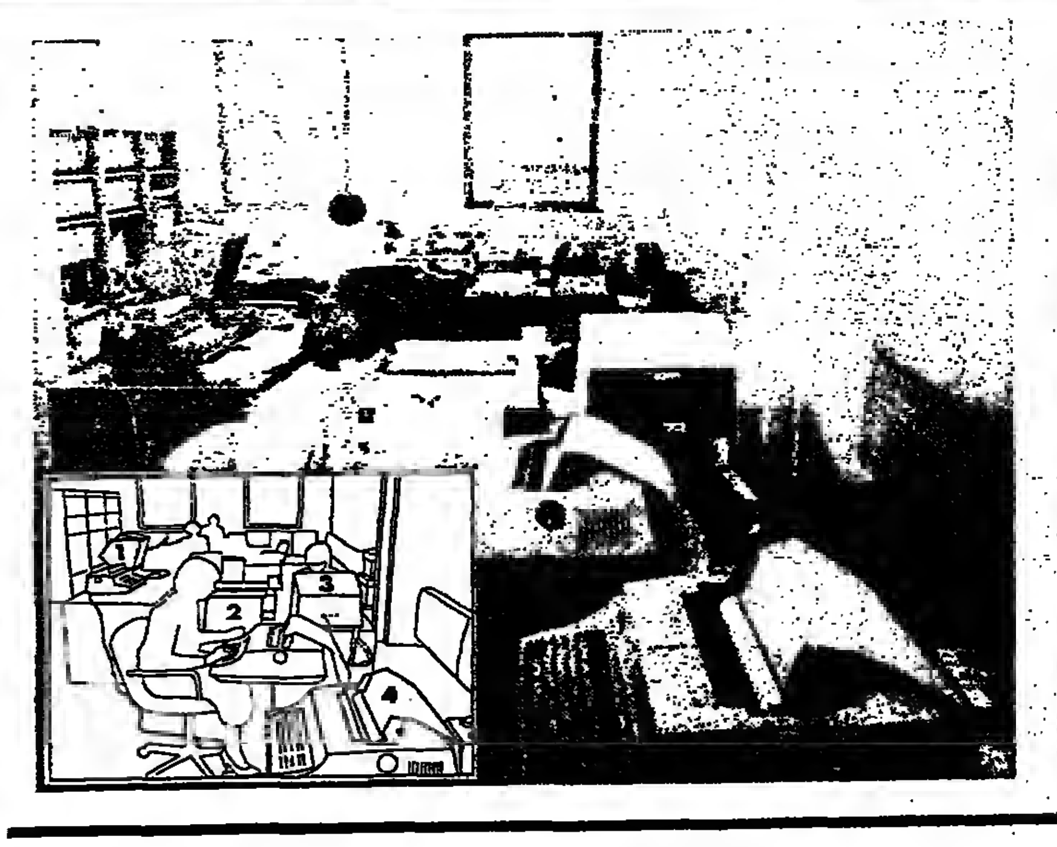
That is probably why AFA-Minerva, a Thorn-EMI company, launched Opticode, which is devoid of all computing and electronics and appears to be the simplest and least expensive offering to date.

Printed on cheque and card at the manufacturing stage is an optically "scrambled" version of the bolder's signature derived by photographing it through a lenticular lens—a sheet of plastic on which grooves have been impressed at particular angles to each other.

This jumbled signature can only be read by looking at it through a similar "de-scrambling" lens.

Another Thorn-EMI company, Emidata, is the proponent of a system called Watermark Magnetics in which a specially laid down magnetic stripe can be reduced with high security in appropriate terminals. Recently, however, it sold the UK business to Photo-Me Inc, although it is a large producer of plastic cards in the U.S. through its subsidiary Malco Plastics.





## Technology's key role

AN EXAMPLE of how technology has become a vital part of the daily workings in the banking sector is seen (left) in the financial administration department of American Express Bank, at Voyager House, Poole, Dorset:

1—Microfiche viewer: all bank-books and ledger pages are stored on plastic film. Each film takes up to 60 (A4-size) sheets of information.

2—In-house computer printer for production of hard copy.

3—Visual in-put point (VIP): in-house computer with visual display unit to access all books of the bank; includes addition/deletion facilities; also attached to computer printer.

4—On-line terminal: day-to-day cost reporting and financial analysis prepared in Britain and sent direct to New York.

## Keen interest in Limoges project

ALTHOUGH bankers throughout Europe are at work on plans to develop the concept of electronic funds transfer at the point-of-sale (EFTPOS), the most established of the various experiments is Credit Agricole's "point de vendre" scheme in the city of Limoges in central France.

For the past two-and-a-half years Limoges has been the site of a project which is about to result in the installation of one of the most sophisticated POS systems in Europe.

Credit Agricole, the major French co-operative bank, is planning to fit 150 shops in Limoges with terminals this year, eliminating entirely the need for cash, cheques or credit cards.

Although the debate in other countries involves uncertainty as to which institutions will foot the cost of POS systems, Credit Agricole has been successful in persuading retailers in Limoges to pay a monthly rental fee and a commission on sales (ranging from 0.6 to 0.9 per cent per transaction).

The Credit Agricole plan is not a certainty by any means and there is strong competition from other banks which prefer the idea of "memory cards" which contain chips and carry a set credit limit. But these cards are more expensive than POS cards and Credit Agricole reckons its system is the likely market leader.

The Credit Agricole programme began with one Euromarche hypermarket and eight small shops and has now been sufficiently encouraging to prompt senior bank executives to predict that it could lead to a nationwide POS system within the next five years.

So far, Credit Agricole has spent more than FFr 20m on the Limoges experiment. The idea is to allow customers of the bank to make use of Credit Agricole's green plastic card in order to make purchases at shops which are debited from their bank accounts.

The same card doubles as a cash dispenser device and already has a magnetic stripe which can be programmed for the POS function.

**Alan Friedman**


Promotion for electronic point-of-sale payment in Limoges: "I choose, I tap in and it's paid . . . good sense near to home."

Innovations in applying viewdata: report by **Rex Winsbury**

# Home banking service

THE MOST interesting innovation in applying viewdata to banking in Britain has been pioneered, not by a bank, but by the Nottingham Building Society. Under the name Homelink, it offers the UK's first-ever bome banking service, using the TV set with a suitable adaptor, to make payments, check your statement of account, and request loans, at practically any *time of the day or night.*

Homelink is a complex joint venture between the Nottingham, the Prestel arm of British Telecom, and the Bank of Scotland which provides clearing facilities and, among other things, e VISA card to Homelink customers.

Initially, these customers have to deposit £10,000 with the Nottingham to qualify for the service, and would typically be professional firms of solicitors, accountants, surveyors. This limit should soon drop to perhaps £4,000, and perhaps in time cusotmers with as little as £1,000 deposited may also join Homelink, but have to pay a *service charge.*

These accounts attract interest at call money rates, but the customer can at any time, using the TV set, instruct the Nottingham to pay bills to any one of a pre-authorised list of regular recipients (say, gas bills, electricity bills, rates). for one-off payments, he can instruct the Nottingham to transfer money to his Bank of Scotland account and then issue a Bank of Scotland cheque in the normal way.

### Financial system

The finances af the venture are complicated. The customer, having deposited £10,000, receives a free adaptor and jack socket to connect his TV set to the Prestel system. He then pays normal telephone charges whenever be connects to Prestel, at local call rates. This applies even where other Prestel users in the same locality may pay STD rates: this is part of BT's financial contribution.

The customer also pays normal Prestel charges, such as the £5 e quarter subscription for a domestic user and the Prestel time charges, which can sink to nothing after 6 pm.

The Prestel computer is linked to the Nottingham's NCR installation by the packet switched network. and the charges for this leg of the connection are borne by the Nottingbam—part of *its financial* contribution. The customer can then look at everything that is *on Prestel,* including the Homelink service, *except* information put up by other banks and building societies. This is known as a Restricted User Group.

What does this mean for other banks and building societies? They are totally free to start a bome banking service on Prestel if they wish. But the contract between the Nottingham and British Telecom says that BT will not actively seek out another partner like tha Nottingham, and it is unlikely that BT would give direct financial backing to a similar venture.

But there are other routes. Homelink has been technically operational for some months, and now has a list of customers (mostly new customers) waiting to be connected. Here again, BT has made something of an innovation in training special BT engineers not only to deliver and instal the adaptor and jack socket but also to train the customer in its use.

### Micronet subscribers

But the other current innovation on Prestel, Micronet, is already hooking-up customers. Micronet is aimed at users of Home Computers, and enables them, among other things, to download software from the Prestel computer into their micros.

An initial mailing was sent out to 1,200 owners of BBC micros who had previously expressed interest, and according to Richard Hease, in charge of Micronet, about half of them have subscribed within a few weeks. Owners of other types of micros, such as Sinclairs, Tandys, Apples, etc., are being mailed in turn.

But the point is that a Micronet subscriber can also become a Homelink subscriber, and vice-versa. Already, one major UK clearing bank has been looking at Micronet as a way of distributing bank statements electronically to its customers.

The Home Computer has certain potential advantages as a bome banking terminal. For one thing, the customer has already himself paid the cost of the terminal, thus freeing the bank from the cost of subsidising the home equipment (as Nottingham and BT have had to do with Homelink).

For another, the reconciliation of tha incoming bank statement and the customer's own records could be done automatically by the home computer, provided that the subscriber has already been using his micro for home accounts. The Chemical Bank's Pronto home banking service in New York uses Atari home computers as the homa terminal.

A different approach is evident at the Midland Bank, which has set up its own private viewdata system to test out customer reactions to electronic banking.

Initially, a few terminals are to be put into bank branches for demonstrations, but later terminals will be put out to customers' premises. This then is the non-Prestel route, taken more cautiously.

The UK approach contrasts strongly with that of two other European countries, Germany and France. In Germany, no less than seven financial institutions have linked their own computers to the public viewdata system, Bildschirmtext, to offer banking from home. There are four savings banks, plus the pioneering Verbraucher Bank of Hamburg, the Deutsche Bank and the Bank für Gemeinwirtschaft, Frankfurt. Others are testing.

German banks, like other German companies, but unlike the Midland and many other UK companies, show little interest in using private viewdata systems to develop their services.

Another interesting aspect is the system of security used in Germany. Prevention of fraud must be a major concern for any innovation in banking and money transfer, and the German banks have developed a combination of Personal Identification Numbers, passwords, and unique transaction numbers which can only be used for one transaction and are then useless.

These transaction numbers can be randomly generated by the bank's computer and mailed out to the customer, and the bank computer then cancels them after one use. A Homelink account is protected by a 10-level security procedure which, says the Nottingham, may take the customer about a minute to get through once he is familiar with it.

French developments have centred round the "smart card" or card with a microchip on it. A few weks ago, with typical French panache, the French PTT announced that it had placed an order for 450,000 of these cards for videotex telepayment services and credit card pay phones. Flonic Schlumberger has an order for 250,000 telephone cards, and Cii Honeywell Bull has the order for 200,000 telepayment cards.

The smart card is also being used extensively in point-of-sale experiments in a number of French towns, particularly Lyon, Caen and *Blois.* As a telepayment mechanism, the card is being tried out by some of the users of the Velizy viewdata trial outside Paris, with the participation of two banks, two mail order houses, and the national railways.

Two U.S. banks are also experimenting with the smart card—First Bank of Minneapolis and Chase Manhattan in New York. The card itself can store information about transactions carried out: can have an amount of money credited on it, so that it becomes like an electronic cheque book: and can be less prone to fraud since it can be more personalised.

**David Churchill** looks at the latest advances in electronic point-of-sale equipment

# A revolution at the supermarket checkout

THE ELECTRONIC revolution at the supermarket checkout that has been threatening for several years is now beginning to take shape with retailers in various sectors poised for a wide-scale implementation of new point-of-sale electronic equipment.

The Tesco Stores supermarket chain, for example, is understood to be considering soon whether to go ahead with widespread installation of scanning equipment in its stores, following the introduction of new electronic checkouts in some 15 of its stores so far.

The impact of electronics on retailing is seen by many trade observers as being of greater significance than the introduction of self-service into many stores in the 1950s and 1960s.

The electronic revolution, however, so far seems to have made most impact on the food distribution sector where the high volume of food sold each day on low margins makes it an area ripe for more efficient data handling.

Department and non-food chain stores have also been at the forefront of using new sophisticated electronic point-of-sale equipment, including the optical character recognition systems using "light pens," but it is in the supermarket sphere where most of the emphasis has been put.

The key to retail automation in supermarkets has been the development of laser-scanning checkouts which have been in widespread use in the U.S. and on the Continent for several years.

Laser-scanning systems offer supermarket chiefs an unprecedented degree of stock control and potential for increased productivity which should lead to lower operating costs. For food manufacturers, the system offers a unique test-marketing process providing accurate sales figures and other data for their products.

## Identification

The laser-scanning systems are based on the bar codes now printed on about 70 per cent (by volume) of all grocery products. These bar codes are built up from black lines of varying thickness which represent a 13-digit number which is unique to each product. Each number identifies the manufacturer and gives full details of the product, including size and weight.

The numbers are allocated by a central body, called the Article Number Association, which has a store of some 10bn numbers available to identify individual products.

When the checkout operator passes the bar code printed on each item over a low-power laser-beam built into the checkout, the information is "read" by the laser and transmitted to an in-store computer linking all the checkouts.

The store's current price for an item is then fed back to the checkout by the computer and is shown, together with a description of item on a visual display unit next to the cash register. At the same time the information is listed automatically on the till receipt which prints both the name of the item and the price.

As this process takes only e fraction of a second, and because the cashier does not have to key in prices manually, the whole checkout operation is likely to be both faster and more accurate than under conventional systems.

The laser-scanning system provides the means for advanced stock control. Goods brought into the store can be scanned on arrival and the information recorded in the in-store computer.

When the goods are subsequently scanned at the checkout, the computer automatically registers the stock depletion. The computer is thus able to elert store management to stock shortages and analysis of the data enables the cyclical fluctuations in the sales of certain items to be identified.

Eventually, it is envisaged that stock re-ordering will be handled directly from the store computer to the company's depot computer and from there direct to the manufacturer.

Although these systems have been operating successfully in both the U.S. and Europe for several years, the introduction of laser-scanning systems into UK supermarket chains has taken longer to implement. This is because most supermarket chains decided to wait for manufacturers to print bar-codes on their products.

## Experiments

The threshold figure for the volume of sales with bar-codes was seen as 70 per cent — e figure which has now been reached.

Some retailers were also not very happy with the state of the technology and so decided to wait until e new generation of scanning systems came onto the market.

Even so, there are now about 30 UK stores equipped with laser-scanning systems in the UK (compared with an estimated 6,000 in the U.S.). The number of stores using scanning in the UK is now expected to grow very rapidly, since most of the chains have completed their experiments of the equipment.

According to a report called Electronics in Supermarkets (published by Post-News) there are likely to be over 250 UK stores with scanners within two years, making use of some 3,400 laser-scanning checkouts. In five years' time, the penetration is estimated at 1,250, with some 16,600 checkouts in use.

The major suppliers of scanning equipment are IBM and NCR, although there are several other systems available —such as those produced by Sweda, Hugin, DTS, and TEC.

Apart from scanning systems, many supermarkets and chain stores have upgraded their mechanical cash registers to take advantage of new electronic hardware.

According to the Post-News report, there are several categories of electro-mechanical cash registers now available. These start at £600 to £700 for a sufficiently robust machine with keyboard, displays, printer and cash drawer, through mid-range machines with more memory and computing power (£800 to £1,400) and on to powerful systems with extensive data capture and often capable of operating a laser scanner.

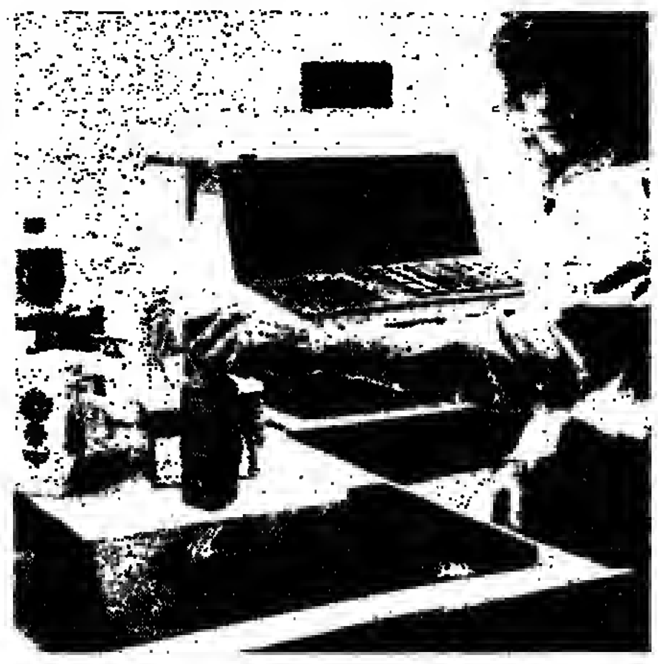
In the non-food sector, department stores have adopted sophisticated point-of-sale equipment for several years — led by the John Lewis Partnership, Bentalls, and the House of Fraser group. John Lewis uses an IBM 3650 system, while Bentall's has an NCR 2151 operation. According to a report by the Economist Intelligence Unit, there is also a high degree of new electronic checkout equipment in department stores in the rest of Europe and in the U.S.

## Pressures

This report, called "Chips in Retailing," also concludes that the expansion of new electronic checkouts through the whole retail sector may be slightly slower than others have predicted because of the high initial investment and lengthy period of payback.

"The pace is likely to pick up in the late 1980s when a significant proportion of large outlets would have introduced POS systems and streamline their operations," it says.

"Their experience should begin to percolate down to smaller outlets and exert competitive pressures which in turn could generate fears of being left behind."



**The NCR 2126 Supermarket Checkout System with the slot scanner. As the cashier passes the item over the scanner the product code is automatically "read" and the sales data and price are recorded and transmitted to the alphanumeric display**

Electronic funds transfer at the point-of-sale

# Trials may begin soon

ELECTRONIC FUNDS transfer at the point-of-sale—or EFTPOS, for short—is still some way off from being widely introduced into the UK. In fact, the Office of Fair Trading—in a recent report—suggested that it may be the 1990s before any system is in widespread use.

But the position is now a lot more hopeful than it was a few years ago when disagreement between the banks and retailers led to a breakdown in negotiations for a system to be introduced. Now it seems likely that the banks will shortly announce a scheme whereby EFTPOS trials could begin soon and bring one step closer the cashless society.

The UK, however, still remains very much a cash-orientated society which makes the speedy introduction of EFTPOS less likely. Over 90 per cent of all retail transactions are estimated to be made in cash, although the higher the value the payment, the more likely it is to have been made by cheque or credit card. Just over half of the British workforce is still paid in cash (compared with 5 per cent in West Germany).

> **"Although the technology for an EFTPOS system has been around for some years, the high costs of setting up the scheme have outweighed potential savings."**

Cash-handling by retailers and banks is very costly and labour intensive, but even cheques and credit card transactions are expensive.

On the basis of cheque usage in retailing, both retailers and banks must be bearing annnel costs of around £100m, with a similar amount for credit card transactions.

The idea of EFTPOS is that the shopper should be able to pay for the goods bought by placing a personal plastic card in the terminal placed at a supermarket checkout or in a petrol station.

If the account is clear (and the shopper was not over-spending his limits) then an electronic signal would come back almost instantly, clearing the deal and guaranteeing the retailer payment. This arrangement would work whether the payment was being made through either the customer's credit card or current bank account.

Under the EFTPOS system, transactions using credit cards or cheques which currently take minutes to process would be carried out in seconds. In fact, the overage time for a cheque or credit card transaction is one and a half minutes, while EFTPOS could complete the same deal in 10 seconds.

Although the technology for an EFTPOS system has been around for some years, the high costs of setting up the scheme have so far outweighed the potential savings. The capital costs, for example, could be as high as £250m, based on the 500,000 credit card imprinters currently in retail outlets, with an average terminal costing £500 each. But there will also be substantial network and processor costs.

Moves to start an EFTPOS system were started in 1978 when a working party was set up by the Committee of London Clearing Bankers. This reported in early 1980 and recommended an extensive pilot exercise in Southampton which would subsequently be developed into a fully centralised national network.

This joint experiment was rejected, however, because of the high initial cost and because the participants felt that such a scheme could reduce the "competitive edge" of individual banks.

But in late 1981, the banks agreed to study an EFTPOS scheme again, using new electronic technology which would enable individual banks to move at their own pace.

Part of the problem with the delays in getting agreement on EFTPOS in Britain must lie with a breakdown in communications between retailers and bankers.

While developments in the UK have been stagnating because of the difficulties of reaching agreement with all concerned, there have been EFTPOS experiments carried out in both Europe and the U.S.

In the U.S., with a fragmented banking structure, almost all the experiments have been small in concept, involving one bank and one store. However, one experiment—at a supermarket in Des Moines, Iowa — enabled customers from over 100 banks and financial institutions to buy goods from the supermarket with immediate payment through an EFT system.

Europe's first full EFT experiment has been operating in France since early 1979 in Bourg-en-Bresse and three neighbouring towns.

Some 54 retailers are equipped with about 140 terminals and over 36,000 cards heve been issued to shoppers. The customer hands his card to the shop assistant who inserts it and a paper voucher into the terminal at the checkout. The customer then enters a personal identification number. Provided the transaction is accepted by the bank's computer, the consumer's account is debited immediately and the retailer's account credited the following day.

Although the system is both free to the retailer and the consumer, it has not proved popular with either. The equipment used is cumbersome, taking up valuable counter space, and cannot be used for anything else. The retailer's account is credited only marginally faster and the system is restricted to only one bank's customers.

From the customer's point of view, there is no saving in time and users are not particularly attracted by the immediate debit of their acounts. It is reported that only one customer in three actually uses the system.

**David Churchill**

# ELECTRONICS IN BANKING VIII


## A mixed blessing

CONTINUED FROM PAGE 1

agreements. In the UK, National Westminster and Midland had already agreed to share their 1,386 installed machines.

There are, however, technical problems still to be resolved for all the major banks, regarding the "two or three track issue."

Mr Peter Lumb of the Leeds Permanent Building Society, who chaired the societies ATM study group, said the search for a suitable scheme was being pursued urgently. The societies had to "get into the payment services sector if they are to grow."

But just as banks and financial institutions are installing electronic equipment to improve services to their customers at reasonable cost, so they are installing equipment to improve their own internal competence.

The UK banks, in particular, are threatened by the influx of North American banks. As one banking specialist said: "They know who the UK banks best customers are; the UK banks frequently do not."

*One approach is the branch* processor—the computerisation of the management function in the branch office. National Westminster pioneered the idea in this country but Lloyds are expected to follow suit soon and Barclay's is known to be experimenting with a system based on Digital Equipment machinery.

The major test for banks worldwide will be the introduction of electronic funds transfer at the point of sale. Many people believe that Europe with its large national banks and good telecommunications could lead in this demanding banking technology.

There have been a wide variety of experiments in the U.S. but the results—at least in terms of economic justification—have generally been inconclusive.

After several false starts the *major UK banks and credit* card companies last year decided to go ahead with plans to instal nationwide EFT/POS. A report from Logica, the computer consultancy, is now being studied and the CLCB is expected to make public its recommendations soon.

For the banks, credit card *companies and retailers it will* be simply one more tremor signifying the arrival of the electronic banking earthquake.

Ray Snoddy looks at the high costs of cash-handling, weighing and transportation

# Cashless society still a long way off

THE CONCEPT of the cashless society seems like a remote dream to the bullion managers of Britain's banks.

Admittedly demand for cash has been growing more slowly than expected because of the increaso in the use of cheques and credit cards and the fall in the number of workers who are paid in cash. But the bullion managers still have to sort, count, store, guard and transport tons of coins and notes at great expense.

Of an estimated 50bn payments made in Britain each year most are for small amounts and are made in cash. In 1981, according to the Inter Bank Research Organisation, 38bn of the payments mede were for sums less than £1, and only about 3.5bn payments were not made in cash.

The cost of handling cash—particularly copper—is very high. It can cost around £7 to count and handle £20 worth of half-pennies.

The scale of the problem is truly mountainous. In the 1982 financial year alone the Royal Mint added 567m pieces worth £49m to the circulation of coinage in the UK. The transactions of the UK cash society are now supported by a total of 710m 50ps, 2.124bn 10ps, 1.972bn 5ps, 2.324bn 2ps, 3.518bn 1ps and 2.536bn half-pennies.

*Moreover, from the banks'* point of view things are about to get worse. On April 21 the Royal Mint will launch the £1 coin and has 250m of them all ready to meet demand.

### Good idea

The £1 coin is a good idea from the Bank of England's point of view. People increasingly treat their pound notes as small change to be crumpled up in pockets and the life expectancy of the note is measured in months. Then, too, the notes move so fast in the system it is sometimes difficult to catch up with worn notes to withdraw and replace them.

But the arrival of the £1 coin highlights in a dramatic way major complaints by the banks about how coin is treated.

Apart from being more costly to handle than notes coins are not interest-bearing and while notes can be returned to the Bank of England the Royal Mint hardly ever accepts coins back. A surplus of coins leads to very big accumulations in the cash centres of the banks and pushes up costs.

It is unlikely that the new coin, though worth the same as the pound note, will be given the same status by the Bank of England or will be accepted under the Bank's "hold to order" scheme. This allows banks to treat notes held in their cash centres as Bank of England deposits without having to transport them there physically.

The banks have many complaints about the cost of running their cash operations.

Barclays Bank in 1981, the latest year for which figures are available, spent £5.9m moving cash between regional cash centres, branches and the Bank of England. Maintaining the cash centres cost Barclays another £6.1m.

But in addition banks complain of the costs of financing the cash in their tills and acting as cash [illegible] for all of society, even those who do not have bank accounts. The 1978 Price Commission report on bank charges pointed out that throughout 1977 the London clearing banks maintained an *average of £750m in notes and* coin.

"This was in effect an interest-free loan to the authorities which earned no revenue for the banks and involved heavy financing charges," the report said.

Not only does cash earn no interest; liquid assets have to be maintained on the deposits funding the cash—normally a ratio of 10 per cent. For every £1,000 in a bank's till over £1,100 has to be raised in deposits, normally at market rates.

Since the "held to order" scheme began in February 1982 the burden has been reduced to some extent. In Barclay's case this has reduced the bank's cash liability by £40m but financing the bank's average holdings of coin and cash in tills of around *£260m still costs around £35 a* year.

In the U.S., the London banks point out, the Federal Reserve bank meets much of the processing and transport costs.

The coin handling problem is made worse because the demand for coin is seasonal. More coins are issued at Christmas and then trickle back to the banks until demand rises again in the summer. A typical clearing bank might find itself holding £25m worth of 50p pieces by the beginning of the summer—not to mention more than £200,000 in half-pennies.

Mr Patrick Fraser of the Banking Information Service argues that notes, besides being cheaper to handle, can be more easily replaced when inflation "devalues" them than coin, which has an expected life of 50 years. In much less time than the £1 coins physical life expectancy, Mr Fraser argues, *it will probably have lost* most of its purchasing power and much of its usefulness.

*Mr Fraser* also believes that when the bank introduced a new coin at the top of the range it should have removed another — the half-penny — at the bottom. "In real terms the half-penny is worth much less than the farthing and the old half-penny when they were withdrawn," he argues.

*Mr Fraser accuses* the Government of "diabolical shilly-shellying" in keeping the half-penny for fear of upsetting tho electorate. Its abolition, he believes, might actually lead to rounding down rather than rounding up of prices—with 99½p goods being priced at 99p rather than £1.

Although coins account for less than 10 per cent of the value of cash in circulation in recent years the percentage has been slowly rising probably because of the increased use of vending machines—something thet should receive another boost from the £1 coin.

Consumers, according to the Bank of England, respond slowly to the erosion of the value of notes through inflation and it is only in the last five years or so that there has been a sharp rise in the use of £10 notes. £20 notes account for just 5 per cent of notes in *circulation* and £50 notes are still an insignificant proportion.

Available figures, however, suggest that the share of cash in the total value of payments fell sharply from 75 per cent to 65 per cent in the five years to 1981.

This has been particularly marked in tho movement away from payment of wages and salaries in cash. By 1978 less than 5 per cent of workers were paid in cash in the U.S., Canada, West Germany and Sweden, although the figure *for* Britain et that time was almost a half.

Two anomalies are Italy and Japan, almost all of whose workers are paid in cash.

But although the trend is downward in most developed countries the Bank of England warned recently in its quarterly bulletin that the terms "cashless" society will be an implausible prospect for the UK and most other countries in the foreseeable future.

"It is more realistic to think of a less-cash society in which the use of cash gradually becomes even more restricted to lower value transactions and to those transactions *in which* both parties seek anonymity," tho Bank argues.

Britain's Royal Mint will issue 250m £1 coins on April 21, although coins are more costly for the banks to handle than notes. Right: a consignment of 400 oz gold bars being checked in the vaults of Johnson Matthey Bankers; right: loose coin is automatically machine-wrapped into coin rolls at Barclays' cash centre, prior to despatch by bullion van to bank barnches. The number of coins in circulation in the UK has been slowly rising in recent years.

## Words of caution from top bankers

*EACH YEAR, as Spring begins to warm* the shores of the Mediterranean, several hundred bankers and their friends from the electronics industry converge on the tiny principality of Monaco, filling the hotels of Monte Carlo with chatter about automated teller machines, retail banking and similar topics.

This year was no different and saw the start on March 14 of the fifth annual convention of the European Financial Marketing Association—EFMA. What was unusual at this year's meeting, however, was a *slight disenchantment with* technology for its own sake. Instead of singing the praises of cost-saving machines, some top bankers warned their colleagues not to get carried away.

The message was that electronic banking technology should not be an end in itself, but a tool to be used in order to achieve greater efficiency in the financial services business.

Mr Leland Prussia, chairman of the BankAmerica Corporation, said that developing "technological competence" was only one of five ways which banks could respond to competition from other companies.

*They must also focus on* innovation and entrepreneurial skills, understand and exploit opportunities in market segments, *join selected communications and payment* networks to keep operating costs under control and integrate computer *systems and people to achieve economies* of scale.

Mr Bob Amos, deputy chief general manager at Lloyds Bank, warned banks that they must resist being "technology-driven" if they are to remain "market driven." He urged bankers to take charge of technological developments and not to allow the promoters of technology to control the banks.

### Largely a myth

"It is largely a myth to say that tho market is clamouring for new technology. Indeed, the reverse is true. It is the technologists who are clamouring for it. Most consumers are normal, rational human beings who wish to be left alone, living their lives in peace and using the things they are used to, so long as they work efficiently, are readily available, familiar and reasonably priced," said Mr Amos.

Herr Ulrich Weiss, a member of the board of managing directors of Deutsche Bank and president of Eurocheque International, warned that over-reliance on technology could cause banks to lose the *advantage of personal trust they have* built in customer relationships.

As non-bank companies threaten the established market positions of banks they would tend to compete on the basis of price and technology-driven services, ho added. Banks could counteract this trend by adhering to the "fundamentals of personalised service."

Mr Amos of Lloyds Bank attacked the Visa and MasterCard payment systems for being among the forces discouraging banks from being "market *driven" as they should be.*

He claimed that many banks had spent themselves into "Concorde situations" by joining co-operative ventures such as Visa and MasterCard, only to lose control of them.

Mr Amos, in one of the more fiercely worded criticisms of non-banks, accused Visa and MasterCard of striving to "influence if not dominate the payment systems of the world for their own benefit."

This phenomenon, he suggested, was to the "ultimate detriment of the *individual* member banks' freedom to control their own initiatives and liabilities in the *payment systems field.*"

**Alan Friedman**

Mr Bob Amos of Lloyds Bank warns that banks must resist being "technology-driven," if they are to remain "market driven"





# Security problems take a new twist

Electronic money brings a whole new range of security problems. **Elaine Williams** looks at information regulation and possibilities of fraud

THE INTRODUCTION of electronic banking, especially in the handling of cheque and credit cards, automatically poses many problems for the bank and the customer.

For banks, the electronic age means that their business relies heavily on telecommunications, be it the telephone, telex or a special computer link. In the U.S. alone, some 450,000 funds transfer messages are sent over the *major banking* networks such as the New York Clearing House Interbank Payments *System (Chips), the Society for* Worldwide Interbank Telecommunications (Swift) and Fedwire, the Federal Reservo communications system.

Banking networks offer the criminal many opportunities for fraud such as the input of fraudulent data transmission and modification of information, fraud involving automatic teller machines and electronic funds transfer networks, and malicious damage to electronic data stored in computer systems.

Lloyds of London introduced an insurance policy last year which covered some of the risks involved in electronic banking and computer systems though many frauds seem to involve telephone and telex systems rather than complicated computer tampering.

Indeed, many computer experts agree that the main concern *is not computer fraud* but rather the theft and criminal use of bank cards. Losses of bank cards are increasing and banks are now considering ways in which card security can be improved. Options haing studied include the introduction of photographs or encapsulating signatures within the credit or bank card to make erasure more difficult.

Even before a customer obtains a cheque book or credit card, banks and card *operators* check *on potential* users' credit worthiness as a means of protecting against possible fraud or other illegal use of electronic banking services. For the customer, there is the worry about the amount of information which is being stored in various computer files around the country, its detail and accuracy.

Over the past decade, there have been two major reports on data protection in the UK and the public right to view such *information*. The first was the Younger Report in 1972. Five years later this was followed by the Lindop Report whose contents were ultimately rejected by tho government of the day.

Britain, which lags behind most European countries in its legislation for data privacy, published the Data Protection Bill in December last year in which the government laid down its *proposals* for the storage of personal details. Its main recommendations were that information about a person should be for one or more specified purposes, should be accurate and up to date. To ensure this, it is proposed to appoint an independent registrar who will supervise the observance of the rules by data users and computer bureaux.

All those operating data banks would be required to register at regular intervals and would be liable *to fines* and deregistration if they were found to have breached the rules.

The Bill also provides for subjects of personal data files to have eccess to the information which is stored in date banks, to check the accuracy of the data. There are some very *important exemptions* such as data held for national security reasons, assessment of tax or duty, immigration control and in the detection of crime.

In addition, the Home Secretary could authorise withholding personal *data* by *government* departments, local authorities and other government bodies under special circumstances.

Commercial bodies, such as banks, would have to register all computer-based files, but not records kept in manual filing systems. This differentiation of data files has been criticised by many organisations concerned with personal privacy issues, *such as* the National Council for Civil Liberties, as a major failing of the proposed Bill.

Bankars admit that, on certain occasions, they use outside, as well as their own internal, sources to gain information about people seeking loans or othor banking services. In the UK, those outside sources are likely to be the United Association for the Protection of Trade, UAPT, or CCN Services, a subsidiary of Great Universal Stores, which has been operating for more than two years.

These organisations keep information such as names on the electoral register, details of county court judgments against individuals up to six years, and data gathered by member organisations. All these files will have to be declared under *the Bill if they are on computer*—and most of these are.

Banks use UAPT and CCN because of the potential abuse of cheques, credit cards and other banking services. In the UK, some steps have already been taken to combat the banks' concern over rising cheque and credit card frauds.

*For example,* large retail outlets can make use of sophisticated electronic funds transfer and transaction telephones such as Racal's TCL system which cost around £500.

Until recently there had been no cheap system for smaller shops to check every transaction. It is often here that abuse takes place because it is not economic for small shop owners to telephone card operators for sales less than £50.

In mid-January, however, British Telecom, BT, announced that it was introducing Telecom Silver which is intended to overcome this problem. With an initial connection charge of £95 and a quarterly rental of £17.50, Telecom Silver offers a cheap way of verifying credit and cheque cards.

Retailers receive a special push-button telephone. When a verification is needed, the credit card number is entered on the telephone keypad, *along* with the card expiry date and the amount of the transaction. The telephono receiver is *then* lifted and a local call is made to tho Telecom Silver central system which automatically routes the calls to the relevant card company wherever it might be in the country for the cost of the local call.

A synthesised computer voice tells the retailers whether or not the sale should go ahead. If the card is fraudulent tho computer will advise the retailer what to do.

*Obviously* these measures are just the beginning as far as banks and other commercial organisations are concerned in protecting against abuse.

As more reliance is placed on electronic banking, so greater care over the security implications will be required both for the operators and their customers.